













I N D I A;  
OR  
FACTS  
SUBMITTED TO ILLUSTRATE  
THE CHARACTER AND CONDITION  
OF THE  
NATIVE INHABITANTS.

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BY R. RICKARDS, ESQ.

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I take goodness in this sense — the seeking the weal of men — which is that the Grecians call *philanthropia*. This, of all virtues and dignities of the mind, is the greatest, being the character of the Deity — and, without it, man is a busy, mischievous, wretched thing — no better than a kind of vermin.

BACON'S *Essays*, vol. ii. p. 280.

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**CONTENTS**  
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**PART III.—CHAPTER II.**

**ON THE EFFECTS OF THE REVENUE SYSTEM OF INDIA  
AS REGARDS THE TREATMENT AND CONDITION  
OF THE PEOPLE, AND THE REVOLUTION IT  
HAS OCCASIONED IN THE STATE OF LANDED  
PROPERTY.**

**PART IV.**

**AN EXPOSITION OF THE RESULTS OF THE EAST  
INDIA COMPANY'S TRADE IN A POLITICAL AND  
FINANCIAL POINT OF VIEW, FROM 1600 TO THE  
PRESENT TIME.**



# PART IV.

AN  
EXPOSITION OF THE RESULTS  
OF THE  
EAST INDIA COMPANY'S TRADE  
IN A  
POLITICAL AND FINANCIAL POINT OF VIEW.  
*From 1600 to the Present Time.*



## ADVERTISEMENT.

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PART IV. now presented to the Public has been much longer delayed than I could have expected, owing to the frequent occurrence of serious bad health. The cause is a matter of no concern to the Public ; and I only notice it to add, that a continued and critical state of ill health will prevent the completion of Part V. which I had originally proposed, and which was announced in the first advertisement of the work.

In taking leave therefore of the reader, I have to request his perusal of the following pages in the same spirit in which they have been written—a sincere desire to search after truth in a matter of high importance to the public interests. In the full consciousness of this motive, I can easily turn a deaf ear to the calumnies of opponents, or peruse their accusations with indifference or silent contempt. Justice to an oppressed people, and the establishment of facts through which the pros-



perity of India and of Britain may be reciprocally promoted, have alone actuated my endeavours ; and whether my conclusions shall be ultimately proved right or wrong, if the discussion shall elicit those truths, by which the objects I have steadily had in view may at length be attained, it is all I can expect to compensate for the sacrifices which the undertaking has cost me.

R. RICKARDS.

LONDON,  
*March 1, 1832.*

# CONTENTS.

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## PART IV.

### ON THE EAST INDIA COMPANY'S COMMERCE AND ITS RESULTS.

#### CHAPTER I.

FROM 1600 TO 1711.

Page

PRELIMINARY remark. First charter. Capital — how employed. Result of adventures, from 1600 to 1632. “Courten’s association ;” had nearly proved fatal to East India Company. Union of the two Companies in 1650. Trade thrown open by Cromwell in 1657. Union with “Merchant Adventurers.” Company’s affairs embarrassed and obstructed by “Interlopers.” Bombay granted to the Company by Charles II. in 1670 ; and St. Helena in 1673. Continued embarrassments. Exaggerated statements of prosperity published. Enlarged powers granted by charter in 1677. Debts in 1681. High value of stock in 1685. Disastrous wars with Mogul government. Three villages on the Hoogley purchased in 1689. Renewal of charter by King William in 1693. Trade and charter in a precarious state 1697. Company in their distress offer to lend Government 700,000*l.* for renewed privileges. Another Company offer two millions, which was accepted. Embarrassments occasioned by the rivalry of these two Companies. Their union in 1708. Confirmed by the award of Godolphin in 1711. 1,200,000*l.* more advanced to Government. Concluding remarks on the general aspect of this period, with some account of Company’s debts. . . . . 421

#### CHAPTER II.

FROM 1711 TO 1765.

State of Company’s concerns as deduced from the history of the preceding period. Attempt to supplant the

“ United Company” foiled. Further concessions and aids to Government. Rate of dividends. Loan to Government, now 4,200,000 <i>l.</i> , erroneously called, Company’s capital. Company authorized to borrow money on their common seal in 1721 and in 1744; and in 1749-50, to raise 2,992,440 <i>l.</i> by the sale of annuities. Exports to India and China, from 1714 to 1760. Value of returns. Districts ceded to the Company in 1757 and 1760. Injuries sustained from rivals, and “ interlopers.” Ostend Company. Embassy to the court of Feroksere in 1715, and result thereof. Struggles for existence between French and English Companies. Schemes of aggrandisement consequently entertained by both parties; and Carnatic war, from 1748 to 1756. Transactions in Bengal. English expelled. Black Hole of Calcutta. English restored. Deposition and elevation of Nabobs, with final acquisition of Dewanny in 1765. Company had to fight for their existence from the earliest period. Compensation received by the Company for expences and losses during the Carnatic and Bengal wars. Refutation of a late attempt to prove the Company’s debts to have originated in territorial causes, with Appendices, A., B., and C. Amount of Company’s debts in 1765-6. ....	459
---	-----

### CHAPTER III.

#### FROM 1765 TO 1793.

Commencement of the Company’s political character in India. Extravagant expectations entertained in England from the Dewanny grant. Surplus revenue. Investments wholly purchased with territorial funds. Mr. Verelst’s testimony on this head; and accounts of revenue annually contributed to supply commerce. Mr. Hastings’s confirmation of the same facts. Great

alarm and dissatisfaction of the Court of Directors at the prospect of being made to pay for their investments by being drawn upon for the amount. Means of providing exports to India; also supplied from Indian funds. Distress of the Company at home; relieved by a loan from Government. Further distress occasioned by bills drawn from India. Course and amount of Company's trade, from 1767 to 1793. Board of Commissioners appointed in 1784. Commutation Act; its effects. Addition to Company's capital in 1786, and 1789, and 1793. Parliament give notice, that the debt of 4,200,000*l.* will be paid off; how effected in 1793. Amount of Company's capital stock. Result of the Company's financial affairs in 1792-3. .... 502

## CHAPTER IV.

## SAME PERIOD.

Total change in the character of the Company's commercial operations after the Dewanny grant. Trade wholly carried on by means of supplies from revenue.

- Testimony of the Select Committee of the House of Commons in 1783 on this head; and that the India trade in those days was a losing concern. Amount of surplus revenue, between 1761-2 and 1792-3, taken from Third and Sixth Reports of Committee of Secrecy in 1773 and 1782; and documents laid before Parliament by Mr. Dundas in 1793. Statements of Company's debts, and progress of the United Concern for the same period. Dissection of Company's asset accounts. Further proofs in refutation of evidence as to the Company's debts having originated in territorial causes. Amount of debts in 1793. .... 546

## CHAPTER V.

FROM 1792-3 TO 1828-9.

Page

Surplus revenue and territorial debt incompatible. Mr.

Dundas's exaggerated view of the Company's affairs in 1793, and consequent appropriations of surplus revenue and profits. Reference to Acts of Parliament, to shew the embarrassed state of Company's affairs, between 1767 and 1793. Ditto, to 1810. Principles established in 1793, in respect to the Company's rights. Effect of uniting territory and commerce in the same hands. Amount of Company's trade between 1810-11 and 1828-9. Important omissions in the Company's habitual method of estimating commercial profit. Reference to the proceedings of the Select Committee of the House of Commons, 1809 to 1812, on the subject of the Company's financial affairs. Committee fully aware of the existence of surplus revenue in India:—yet decline to follow up the enquiry to its consequences. State of the United Concern, from 1813-14 to 1828-9. Appropriations by the Act of 1813. Separation of accounts. Remarks on No. 21, of "Papers relative to Finances of India, &c., Feb. 1830." Inference to be thence drawn, that the investments of this period were wholly supplied from revenue funds. Analysis of the revenue accounts presented to Parliament, from 1793-4 to 1828-9. General abstract Statement or Table exhibiting the result. Another method of exhibiting a large surplus on the preceding accounts. . . . . 590

## MR. WILKINSON'S REPORT.

Containing a complete analysis of the same accounts, from 1793-4 to 1827-8, with Tables A. and B., exhibiting results fully confirmative of those given in the preceding chapter. . . . . 669

Concluding remark . . . . . 779

# I N D I A.

## PART IV.

ON THE EAST INDIA COMPANY'S COMMERCE, AND ITS  
RESULTS.

IN treating of the Company's Commerce, it is not my intention to enter into details affecting particular exports or imports. Enough has been already said, in the many publications which have appeared on this subject, as to the various articles of effective demand. on either side, in the commercial intercourse between Europe and Asia ; its capability of indefinite extension ; the now unequivocally admitted taste of Asiatics for European commodities ; and the value of those products which India yields, and may further yield, in incalculable abundance, for the uses and consumption of this country. To enlarge on these topics, would only be to repeat what

other writers have already explained ; and it would be as little consistent with prudence, or policy, to weary readers of the present day with hacknied arguments on the evils of monopoly.

There is, however, one question in the general range of those about to be discussed, which other writers have not touched, which I alone brought forward in 1813,\* and which, if my view of the case be correct, must be conclusive as to the policy of continuing or discontinuing the Company's trade ; and that is — the origin, and present proper incidence, of the Company's debts.

The East India Company have had, for nearly three quarters of a century, two concerns to administer ; their political or territorial concern, and their commercial concern. The territorial head embraces every thing connected with the defence and administration of the government of India—every thing in short that is not commercial—and if it can be shewn that the revenues have been more than sufficient to defray every description of political or territorial charge, during the Company's administration, leaving a large surplus at the end of the period about to be reviewed ; it follows, that as territorial debt, and surplus

revenue, are incompatible; such debts as may have been contracted during the period must necessarily attach to commerce.

This, then, is the simple fact intended to be explained in the following pages. True, it is at variance with almost universal prepossessions and belief; but if the proofs about to be adduced shall be found to be incontrovertible, no plea can then remain for continuing a trade injurious in all its current operations, both to India and to England, and absolutely ruinous, in its results, to the East India Company itself.

## CHAPTER I.

### SHORT RETROSPECTIVE SKETCH OF THE EAST INDIA COMPANY'S AFFAIRS FROM 1600 TO 1711.

IN the earlier periods of the Company's history, we have no precise statements of the actual condition of their affairs. It can only be collected from historical facts.

The first East India Company was established by a charter of Queen Elizabeth, in December 1600, for fifteen years. They were constituted a body corporate, with exclusive privilege of trade; and soon after raised a

1600.



capital of £69,091. Their first settlements were at Acheen, Bantam, the Molucca Islands, and at Surat. Another Company was chartered for China, in 1610; but the former charter was renewed by King James I., and rendered perpetual. At this time their adventures to India were on a limited scale. For twelve

Merchandise exported	£ 62,411
Bullion do. ..	138,127
	<hr/>
	£200,538
Ships, stores, provisions, &c...	263,746
	<hr/>
Total.....	464,228
	<hr/>
Average per ann. ....	£38,690*

years, from 1600 to 1613, the whole capital employed was only £464,284; averaging, therefore, £38,690

per annum; of which, greatly more than half was expended on the equipment of their ships. Their average profit on the whole of the twelve voyages, is, notwithstanding, rated at 138 per cent.

How this profit was calculated, does not appear. If the calculation assimilates to that of an example to be quoted presently (*vide p. 425 et seq. and p. 433*), there will be grounds for doubting its perfect accuracy; more especially as we know that in 1607 there were no profits; the ships in that year being wholly lost. Other losses were sustained in these years, by the hostile opposition the Company had to encounter from the Turks in the Red Sea, and from the Portuguese in India; but actual losses, with other charges to be hereafter noticed (*vide*

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\* Moreau, p. 1.

*p.* 452), seem always to have been studiously omitted from the Company's calculations of profit. What became of the ships and their expensive outfit, is not specified—an important element in statements of this nature, and therefore requiring to be accounted for.

Until 1612, the East India Company were a regulated Company, trading on separate interests but subject to fixed rules. They were then constituted a joint stock, with a capital of £429,000, and extended their factories in the Eastern Islands, and to Japan; to Surat, and to sundry places on the western side of India; and to Masulipatam, on the coast of Coromandel.

This capital was divided into four separate portions, for adventures to be undertaken in four successive years, or from 1613 to 1616; in which voyages there were no less than twenty-nine vessels employed; yet the bullion and goods exported, in the whole period, amounted to no more than £189,516; whilst the purchase repair and equipment of their ships, amounted to £239,484, or, as before, to more than one-half of the actual capital employed.

Capital	£429,000.	
Expended in goods and bullion	£189,516	
Do.           Ships, &c. ....	239,484*	
		429,000

A new subscription was shortly afterwards raised, amounting to £1,629,040, and divided among nine hundred and fifty-four subscribers; of whom fifteen were dukes and earls, thirteen countesses and other titled ladies, and eighty-two knights, including judges and privy counsellors. Like the former capital, this was also divided into portions for separate annual voyages. The Company was called the second joint stock Company. Their affairs were, as usual, reported to be prosperous, and their stock sold currently at 203 per cent.\*

1620      The following abstract of the Company's  
to  
1624.      trade, from March 1620 to 1624, was at this  
time laid before Parliament; and is here sub-  
joined, as being characteristic of the mode in  
which, from the earliest times, they submitted  
estimates of profit to the public.

\* Mr. Moreau (p. 1.) says the Company boasted in 1613 of a profit on a joint stock voyage of 340 per cent.; but these boasts of high profit are brought into considerable doubt by a document presented to parliament in 1621, where it appears that, out of eighty-six ships sent to India between 1600 and 1621, only thirty-six had returned safely; nine were lost; five worn out by long service from port to port in India; eleven taken by the Dutch, and twenty-five remained in India or on the voyage home. The Company having always been their own insurers, it is difficult to conceive how, under such a vast loss of capital, any profit could have ultimately resulted from the trading adventures of this period.

Years.	Ships.	Exports.	Value of	
			Exports to India.	Imports from India.
1620	10	Bullion . . . .	62,490	•
		Merchandize	28,508	
		Total . . . . .	90,998	
1621	4	Bullion . . . .	12,900	94,464
		Merchandize	6,523	
		Total . . . . .	19,423	
1622	*5	Bullion . . . .	61,600	389,500
		Merchandize	6,430	
		Total . . . . .	68,030	
1623	7	Bullion . . . .	68,720	582,593
		Merchandize	17,345	
		Total . . . . .	86,065	
			264,516	1,175,444

## REMARKS.

All the ships detained in India to defend the Company's property against the Dutch, except one which brought home Indigo, Calicoes, Drugs, &c. to the value stated.

The money being wasted in the quarrel with the Dutch, only one ship returned, loaded with pepper, cloves, and China raw silk.

Cargoes of five ships, consisting of pepper cloves, mace, nutmegs, gum lac, indigo, calico, &c. £296,500, and Persian raw silk, £93,000.

Pepper, cloves, mace, nutmegs, indigo, calico, &c. brought in five ships, value £486,593, and Persian raw silk £96,000

\* Moreau, p. 1, where the same sums in the last column are spoken of as "the value produced at the sales."

This statement exhibits, no doubt, a large return from sale of imports, when compared with the original outlay, or value of bullion and goods exported ; and may account for the readiness with which East India subscriptions were filled ; but it will be observed that it only embraces a small portion of the subscribed capital. If the remainder was in this, as in former instances, expended in the outfit of ships, the balance of 'their exports and imports would be anything but clear profit. The expendi-

Capital .....	£1,629,040
Goods and bullion exported..	264,616
Remains to be accounted for	<u>1,364,524</u>

ture on account of shipping, or £1,364,524, would still require to be accounted for.\*

But a remarkable fact, recorded in this case, is that the above sum of £1,175,444 is the sale proceeds of the cargoes of twelve ships only, out of twenty-six equipped for the occasion. Of the remaining fourteen, ten were actually fitted out as ships of war, and “detained in “India to defend the Company’s property ;” whilst the money sent out in two other ships, is also admitted to have been “wasted in their “quarrel with the Dutch.† If therefore the

\* The Company were now possessed of 36 ships of from 100 to 1000 tons.—Mill, vol. i. p. 23.

† Moreau, p. 1, and Mill, vol. i. p. 28, 29.

ships, which did not return to England, were lost, captured, or worn out in the service, as on former occasions;† or, if the difference between the value of the Company's exports, and the amount of their subscribed capital, were absorbed in these equipments, in their contests with the Dutch, and defence of their numerous factories; it is clear, that, instead of profit, there must have been a heavy loss sustained on the actual out turn of these adventures.

The Company, it is true, are said to have received in 1619, from the Dutch, £80,000 as compensation for ships and property plundered by them in India. But if this sum were added to the sale proceeds of the return cargoes, making together £1,255,444, to be deducted from £1,629,040, the sum of capital employed; the difference, £373,596, would be net loss, besides interest, dividends, customs, charges of merchandize, &c.

The Company had moreover to pay King James I. and the Duke of Buckingham, at this time, £20,000 as droits of Admiralty, for the capture of Ormuz from the Portuguese, besides the fruitless expense of the expedition; Ormuz, and their other stations in the Persian

\* *Vide* note, p. 424.

1620  
to  
1624.

Gulph, proving in the end to be of no importance, but rather a useless charge.

To these incumbrances, heavy losses and reverses abroad, were now to be added. From the first English Company entering into the Indian trade, they were engaged in constant, often unequal, hostility with their rivals, the Portuguese and Dutch. Their commerce required indeed to be armed at all points for defence; notwithstanding which, their weakness abroad, compared with the power of the Dutch, was such as to place them at the mercy of their rivals.\* The English factory at Amboyna was taken by the Dutch, and the inhabitants inhumanly massacred, in 1623; and shortly after, the Company's agents and servants were driven out of the other spice islands, with the loss of vast property in goods, stores, ships, &c.

In spite therefore of the fallacious display of advantageous sales in England, historical facts thus prove the existence of great embarrassment and pressure on the Company's affairs, from the earliest times of their commercial career; not a particle of which seems ever to have been included in their estimates of profit.

1624  
to  
1628.

From 1624-5 to 1626-7, we have no account

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\* Mill, vol. i. p. 31.

of the Company's capital ; but their trade is represented to have been subject to great obstruction, and their agents to continued mortifications and disasters; from the Dutch in the Eastern Islands ; from the Danes, a new rival, in Tanjore ; and to have been driven from Masulipatam, in 1628, by the oppressions of the native government. With narrow funds, and unskilful management, their commercial efforts were still feeble, and their affairs generally in a declining state.\*

1624  
to  
1628.

The threatening aspect too of public affairs in England, after the accession of Charles I., and the unpromising appearances of the Company's trade, had greatly reduced the value of their stock ; so that in 1628 it fell to 80 per cent ; at which time they had been obliged, as confessed by themselves, to contract debt to the amount of £200,000. During the troubles of Charles's reign, further disorganization ensued ; whence in 1632, profits were not computed at more than 12½ per cent, and stock was still much below par.

1628.

In this year a subscription was opened for a third joint stock, and amounted to £420,700. We are left again, for a series of years, in darkness as to the amount of capital employed in their annual adventures, or the value

1632.



1632. of their returns. We only know, that their factories were extended in Hindostan ; that their prospects of successfully contending with the Dutch, in the Eastern Islands, had become hopeless ; whence their fleets were chiefly directed to Surat ; that their servants abroad only attended to their own interests, pursuing their own private trade with avidity, and abandoning that of the Company, to every kind of disorder,\* and that from this clandestine trade, and the still loudly complained-of competition of rivals, the Company themselves were greatly alarmed for the fate of their exclusive privilege.
1637. But these difficulties were much encreased in 1637 ; when the King, it appears, licensed a new company, called *Courten's Association*, to trade to Goa, Malabar, China, and Japan, for five years ; and in which Charles himself became a shareholder.

The rivalry of this association had nearly involved the Company's affairs in utter ruin. The preamble to Courten's grant expressly declared that it was founded on the mismanagement of the East India Company ; who had done nothing for the good of the nation, in proportion to their privileges, or the funds

\* Mill, vol. i. p. 41.

at their disposal. Its first effect was a complete suspension of the Company's trade at Surat. The directors continued in absolute despair.\* The calamities they endured from successful rivalry were the theme of incessant complaint; till at length their remonstrances and petitions for relief prevailed; and on condition of their raising a new joint stock to carry on a trade of sufficient magnitude, it was agreed that Courten's license should be withdrawn. 1637. 1640.

The credit of the East India Company was at this time so low, that on opening books for a fourth joint stock, only £22,500 were subscribed. But another calamity now attended them; for King Charles's distresses drove him to seize on all their pepper in warehouse—that is, nominally to buy it on credit, for £63,288, which he immediately sold for £50,626. On a pressing application afterwards for payment, the King remitted to the Company £13,000, owing for duties. It does not appear that the remainder was ever paid; whence the cost and charges of this pepper must have fallen as a dead loss on the third joint stock. 1642.

Their trade was now in so languishing a

1642. state for want of funds, that their agents abroad were avowedly obliged to borrow money to supply the required home investments.\*

In 1642-3 a second subscription was opened for the fourth joint stock, and produced £105,000; but whether including the former subscription, or otherwise, is not stated. Courten's license was still not withdrawn, although the embarrassments and losses of the Company were such, as to occasion their repeated and solemn declarations to government, that, with its continuance, the ruin of the East India Company was sure.†

1650. After much difficulty and negotiation, an union of these two Companies was at length effected in 1650, and denominated the "United Joint Stock;" but with what amount of capital, or how raised, is not disclosed.‡

1646. Meanwhile, or in September 1646, the Company delivered a statement of their affairs, by which it appeared they had incurred a debt in England of £122,000, besides losses, and interest, to the amount of £85,000 more; but setting against this their quick stock and assets, amounting to £180,511, they still laid claim (as usual in statements of this kind) to

\* Mill, vol. i. p. 46; and Bruce, vol. i. p. 385.

† Mill, vol. i. p. 51.

‡ Mill, vol. i. p. 47.

a clear capital of £180,000;\* because, they 1646.  
observed, the profits on these assets would

\* The following may serve as another specimen of the mode in which statements of the Company's affairs were in those days submitted to Parliament : —

“ State of the Affairs of the <sup>a</sup>Fourth Joint Stock on the  
4th Sep. 1646.

“ Lost in the John.....£20,000

“ Lost by wreck of the Discovery .... 30,000

“ *Paid in interest*..... 35,000

---

“ Total.....£ 85,000

“ Debts due by the Company in England .... 122,000

“ The Company's effects consisted of —

“ Quick Stock at Surat.....£83,600

“ Do. at Bantam ..... 60,731

“ Shipping ..... 31,180

• “ Customs at Gombroon ..... 5,000

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“ Total.... 180,511

“,Whence it was estimated that the profits of the Quick  
“ Stock would be sufficient to discharge the debt, and leave  
“ a clear capital of £180,000 in money, merchandise, and  
“ outstanding debts in England and India, independent of  
“ the sum owing by the king for pepper.”—Moreau, p. 2.

This, it must be admitted, is a convenient short cut by which to arrive at any desired amount of profits. It is also to be remarked, that if the Company had at this time to pay £35,000 *in annual interest*, their debts must have amounted to a much larger sum than £122,000. At 5 per cent. interest, the principal of their debts would be £700,000, instead of the sum above given.

But whatever may have been at this time the aggregate

1646. suffice to replace losses, and to clear off all their debts.

Harassed, however, by rivals at home, plundered by their servants, and exposed to the intrigues and open hostility of foreign competitors; we have, in the two instances afore-mentioned, the 'first notices of their reverses having produced an accumulation of debt.

Although the history of this period is one of continued embarrassment and confusion, of heavy expenditure and losses abroad, and of uninterrupted animosity and warfare with their ancient rivals the Dutch, we have another statement of the Company's affairs in 1654-5. 1654, in which their debts are only stated at 29,271*l*. (afterwards, or in 1655, acknowledged to be 50,000*l*.), and their assets valued at 185,589*l*.; leaving therefore an alleged balance in favour of 156,317*l*.

In 1657, the commerce with India was thrown open by Cromwell; the Company's

amount of their debts, it is right the reader should see how fallaciously the Company have always estimated their profits; and that these estimates, when analyzed, so far from shewing real gain, more strongly indicate the probability, if not indispensable necessity, of loans, and the consequent accumulation of debt, to carry on the current operations of the Company from the earliest times.

shipping was consequently much reduced, 1657.  
 their operations proportionally limited, and  
 Europe glutted with Indian goods by private  
 traders, termed "*Merchant Adventurers*," The  
 Company's necessities driving them to a coal-  
 ition with the *Merchant Adventurers*; a new  
 subscription was opened in 1658, and filled to  
 the amount of 786,000*l.*; and shortly after  
 the accession of Charles II., or in 1661, the 1661.  
 Company were again re-established by char-  
 ter.

For several years after this union, the ad-  
 ventures of the new joint stock were conti-  
 nued on a very limited scale; neither were  
 they more prosperous than those of the old,  
 being still harassed and obstructed by "*In-  
 terlopers*," as they were then termed, and  
 by the uninterrupted jealousies and hostility  
 of the Dutch. We are still left in the dark as  
 to the precise amount of adventures to India;  
 we only know, that they were insignificant,  
 and the transactions at the several factories  
 consequently feeble and unsuccessful.\* It  
 would seem too, as if the investments for En-  
 gland, were at this time provided very much  
 with borrowed money; for we find the agents  
 at Surat (then the Company's chief settlement

\* Mill, vol. i. p. 56; and Bruce, vol. i. p. 549.

1661. in India), recommending to the directors “to  
 “borrow money in England at 4 per cent.  
 “rather than leave them to take up money in  
 “India at 8 or 9 per cent.”

1658      Of this period of weakness and obscurity,  
 to  
 1770. Mill, in his “History of British India,” gives  
 the following account.

“With inadequate means, the operations of  
 “the Company in India were by necessity  
 “languid and humble; at Surat, the out-fac-  
 “tories and agencies were suppressed. In-  
 “structions were given to sell the English  
 “goods at low rates for the purpose of ruining  
 “the *Interlopers*. The Dutch, however, re-  
 “venged the private traders, and by the com-  
 “petition of their powerful capital, rendered  
 “the Company’s business difficult and unpro-  
 “fitable. On the Coromandel coast, the wars  
 “among the native chiefs, and the overbearing  
 “influence of the Dutch, cramped and threat-  
 “ened to extinguish the trade of the English;  
 “and at Bantam, where the Dutch power was  
 “most sensibly felt, the feeble resources of  
 “their rivals hardly sufficed to keep their bu-  
 “siness alive.”\*

1664. In these circumstances, India stock had  
 fallen to 70 per cent.; a statement of their  
 affairs was however published in 1664, whence

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\* Mill, vol. i. p. 58; vide also Bruce, vol. ii. p. 130.

it appeared, that though their debts amounted to 165,807*l.*, they had assets to the amount of 660,841*l.*; leaving therefore an estimated balance in favour of 495,034*l.* Their stock was accordingly valued at 130 per cent.; and books were opened for a new subscription at this rate. 1664.

In 1670, the Company obtained possession of Bombay by grant from Charles II., dated in 1668; and in 1673, raised six thousand men for its defence. In this latter year, they also obtained possession of St. Helena; which after several changes of masters, was now finally recaptured from the Dutch, and confirmed to the Company by royal charter. With the extension of their factories and possessions, their commercial speculations were greatly enlarged; to which, the rapid advances made at this time by England in wealth and prosperity, are said to have mainly contributed. 1670.

Larger subscriptions were, it would seem, thus provided for adventures to India; so that in seven years, from 1668 to 1674, their exports in goods and bullion averaged 239,028*l.* per annum; of which 166,473*l.* per annum, was precious metal.\* But comparing this sum with the account given by Mill, of their adventures to India, which, in exports of bullion and mer- 1673.

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\* Vide Mill, vol. i. p. 64.



1673. chandize, hardly amounted in any one year, previous to 1665, to 100,000*l.*—often to not one-fourth of that sum—and admitting the present alleged increase, the amount of their several adventures is still too small to account satisfactorily for returns, equal to the distribution of large dividends among the proprietors, to discharge at the same time a heavy expenditure both at home and abroad, and to replace, with available assets, the sum of their respective subscribed capitals. We accordingly find, that notwithstanding this unusual increase of funds, and probably of advantageous sales at home, their pecuniary difficulties were but little, if at all, lightened; for, in reply to an order to provide a large investment, the president and council at Surat, in 1673-4, reported their debts there to be 100,000*l.*, afterwards 135,000*l.*; and that return cargoes must be suspended, till by the application of the funds received from Europe, the Company's credit should be revived.\*

By the publication, however, of exaggerated statements of their prosperous condition, they were enabled shortly afterwards, to double their stock from 369,891*l.* to 739,782*l.*, and its value, which had been for some time below par, rose in 1677 to 245 per cent. Mill, how-

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\* Mill, vol. i. p. 65; and Bruce, vol. ii. p. 337, &c.

ever, observes, of these statements, that they are gross fallacies, and that down to this period the Company, so far from making great savings, were always contracting debt.\* 1677.

The King granted them a new charter in this year, confirming former privileges, and granting others. They were at this time vested with authority to coin money, to make war and peace with any but Christian powers, to administer justice, to seize unlicensed persons and send them to England, and afterwards, or in 1685, with Admiralty jurisdiction, that is, with power to try and condemn their opponents whose resort to India had greatly increased, to the vast injury of the Company's affairs, and who were accordingly characterized as *Pirates* and *Interlopers*.†

Although the Company's concerns were now greatly increased, we have no proof of their having been more profitably conducted, or with greater economy than usually marks the proceedings of privileged bodies. For eight years from 1674-5 to 1681-2, we have an account of their exports to India averaging

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\* Mill, vol. i. p. 66.

† Such was the Company's virulence against *Interlopers*, that in 1691 they were ordered to be tried for their lives before the Admiralty court in Bombay as pirates, and sentence of death passed, but execution stayed till the king's pleasure should be known.—Vide Mill, vol. i. p. 76, 77.

1677. 457,768*l.* per annum, but without, as Mill observes, uncommon or important results. Their trade had ever been carried on in ships equipped for warlike purposes.\* Their expenditure abroad seems to have been on a corresponding scale. The cost of maintaining forts alone in India, was admitted to be 100,000*l.* per annum,† besides, as would seem the expense of fortifying Bencoolen (after the loss of Bantam, taken in 1683 by the Dutch), and building, and garrisoning three other forts for the protection of their pepper trade. For several successive years from 1681-2 we have no account of the tonnage and stock of their annual voyages; but the project of a rival Company at this time threatened them again with that competition which they always regarded as their greatest misfortune, and induced them, as both Mill and Bruce observe, to speak of their affairs, “not in terms of exact detail, but in those of vague and hyperbelical estimate.”

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\* In a work published by Sir Josiah Child, one of the Directors in 1670, entitled “Discourses on Trade,” he speaks of the Company’s shipping “25 to 30 of *the most warlike merchant ships in the kingdom*, with 60 to 100 mariners in each.” In 1677 the Company’s fleet is said by the same authority to consist of 30 to 35 ships of 300 to 600 tons, and carrying from 40 to 50 guns each.

† Moreau, p. 3. See also Mill, vol. i. p. 62.

In 1681 their debts bearing interest had 1681.  
 increased to 550,000*l.*; yet by a valuation of  
 assets, they made it appear, that they had a  
 favourable balance of 1,700,000*l.* obtained a  
 new charter from King Charles II. in 1683, 1683.  
 and proclaiming their average profits, from  
 1676 to 1685, to be equal to 100,000*l.* per 1685.  
 annum, the value of their stock ranged during  
 this period from 300 to 500 per cent; and they  
 were enabled to borrow money on their bonds  
 at 4 or 5 per cent interest.

About this time, however, they were involved  
 in most disastrous wars abroad with the offi-  
 cers of the Mogul Government; during which  
 their factories at Patna, Cossimbuzar, Hoog-  
 ley, Masulipatam, Vizagapatam, Surat, and  
 the greater part of the island of Bombay,\*  
 were taken and plundered. By successful  
 negotiation, and stooping to the most abject  
 submission, these places were afterwards res-  
 tored, “but the interruption and delay sus-  
 “tained by the Company, made them pay  
 “dearly for their premature ambition, and for  
 “the unseasonable insolence, or imprudence  
 “of their servants.”†

Their charter being again renewed by King

\* Bombay was at this time a regency.

† Mill, vol. i. p. 74.

1689. James II. in 1689 with additional privileges, they were now authorised to purchase, from native proprietors, three villages on the Hoogley, extending three miles along the East bank of the river, and one mile in land, on which spot the City of Calcutta now stands. For this acquisition it was agreed they should pay to the Nabob Rs. 1196 annually ; and this is the commencement of the Company's territorial possessions in Bengal.

1693. The most prosperous account of the state of their concerns was now again published ; although it appears from official documents that the whole value of their exports to India, in goods and bullion, did not average, for the six preceding years, more than 126,677*l.* per annum.\* A renewal of their charter was however granted by King William in 1693 ; and the continuance of the joint stock determined to be fifteen years on a capital of 1,500,000*l.* By this, and a supplementary charter granted  
1694. in the following year, private traders were prohibited from resorting to India ; but the House of Commons, objecting to the charter, came to a vote, “ that it was the right of all “ Englishmen to trade to the East Indies, or “ to any part of the world, unless prohibited

\* Moreau, p. 4.

“ by act of parliament,” The new charter consequently produced clamour, and opposition, among all ranks connected with commerce and manufactures. Interlopers abounded. The silk weavers of Spitalfields violently assaulted the India House; and the Company having sustained vast losses during the eight years’ war which ended with the treaty of Ryswick,\* their trade and charter were now reduced to a precarious state; in-somuch that for several years they had been, and were still, unable to divide any profits. The Company indeed, laboured under the most pressing embarrassments. Although, throughout the whole period of their history, they studiously kept their pecuniary difficulties from the public eye, it is known that at this time, their debts at Surat alone amounted to Rs. 2,000,000 (225,000*l.*); and that disappointed of expected funds from England, the agents at Surat were unable to supply a cargo for even three ships, without borrowing Rs. 180,000 (20,250*l.*) for the purpose; whilst, so low was the Company’s credit, this

\* In this war 4200 British merchant ships were captured by French ships of war and privateers. Among the captured were several of the Company’s valuable homeward bound ships.

1697. small sum could only be raised by granting certain privileges to the lenders, and was at length taken up on loan, from the Company's own servants.\*

It was also discovered that the Company had been in the constant habit of bribing men in power ; and that in 1693 they had expended, in this way, nearly 90,000*l.*, of which 5000*l.* had been given to the Duke of Leeds, and for which he was impeached by the commons.†

1698. Surrounded by enemies and rivals at home, they offered, in this dilemma, to lend government 700,000*l.* at 4 per cent. on their privileges being confirmed by parliament ; but another body of merchants tendered 2,000,000*l.* at 8 per cent. on being invested with all the privileges of the India trade. The latter offer was accepted. A new company called the "General Society" was thus established ; and the old, or London, company allowed to trade with the new until 1701. The subscription of two millions was speedily filled ; the old company taking shares in it to the amount of £315,000. A clause was introduced into the new act to restrain the payment of dividends until certain debts

should be first liquidated; and likewise to prevent the Company's debts ever exceeding their capital stock; or, if they should do so, to render proprietors responsible in their private fortunes for debts to the whole amount of what they might have received, as dividend or share, after the debt should so exceed the capital; but this good policy, as Mill observes, was little regarded in the sequel.\* 1698.

The rivalry thus excited between the two companies, produced the natural effects of confusion, embarrassment, and loss. The consequent enhancement of prices abroad, and the glutting and depreciation of markets at home,† soon brought all the parties concerned to the brink of ruin. India stock had fallen to 37 per cent.; and reason at length prevailing, the two conflicting companies were brought in 1702 to concur in terms of union, which led to their subsequent incorporation in 1708, by the 6 Anne, c. 17., under their present title of "The United Company of Merchants of England, trading to the 1702. 1708.

\* Mill, vol. i. p. 83. — Act 9 and 10 Gul. III. cap. xlv.

† Competition was always the source of the Company's greatest alarms; the burthen of their constant complaints against "interlopers;" and the evil against which their monopoly never had a chance of success.



1708. **East Indies."** The evils of this period were greatly aggravated by the act of 1698 not requiring the new company to trade on a joint stock,\* whence several of the members availed themselves of the privilege to trade on their own separate account. Competition, with all its calamitous consequences, was now in full activity; —jarring interests, mutual contentions, undisguised violence, and impending
1711. ruin. It was not till 1711 that this scene of tumult and embarrassment ceased; when the whole united body became, like its predecessors, a joint stock company; and, having advanced to government a further sum of 1,200,000*l.*† without interest, their capital, as it was called, was increased to 3,200,000*l.*, yielding an interest equal, on the whole,\* to 5 per cent.

The absurdities and imperfections of this arrangement are strongly commented on by Anderson, in his *History of Commerce*, and other writers. Adverting to these comments, Mill subjoins the following just observations: " But the chief mark of the ignorance at that

\* 9 & 10 Gul. III. Cap. xlv.

† To enable the Company to advance this further sum to Government, they were empowered by the same act to borrow £1,500,000 on their common seal, or to call in money to that extent from the proprietors.—Mill, vol. i. p. 89.

“ time of parliament in the art and science 1711.  
 “ of government, was *their abstracting from*  
 “ *a trading body, under the name of loan to*  
 “ *government, the whole of their trading ca-*  
 “ *pital, and expecting them to traffic largely*  
 “ and profitably when destitute of funds.  
 “ The vast advance to government, *the place*  
 “ *of which they feebly supplied by credit, beg-*  
 “ *gared the English Company, and ensured*  
 “ *their ruin from the first.*”\*

The adjustment of accounts between the two companies, previous to their final union, was a work of no small labour and difficulty. The award of Lord Godolphin in 1708 closed it: of this, however, it is only necessary for our present purpose to notice, what the investigation disclosed, that the debts of the London Company, in Britain alone, amounted at this time to 399,795*l.* 9*s.* 1*d.*, exclusive of the debts at home owing by the New Company, and of the debts abroad taken on joint account by the United Company, it being stipulated at the same time that the home debts of both Companies should be liquidated before the 1st of March, 1709, by means of calls on the proprietors.†

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\* Mill, vol. i. p. 84.

† Mill, vol. i. p. 90; and Russell's East India Acts and Charters, App. pp. 18—30.

Of their assets (taken always at their own valuation), all we know is, that at this time the assets of the London Company fell short of the amount of their debts abroad by 96,615*l.*; and that the assets of the New Company exceeded their debts in the sum of 66,005*l.*;\* whence the united accounts exhibited, according to their own shewing, a deficient balance of 30,610*l.*, besides the sum necessary to replace their *actual trading capital*; all of which, therefore, can only be viewed as a total loss.\*

From contemplating the history of this period, we may therefore fairly deduce:—First, That the aggregate amount of the Company's adventures to India during the period reviewed, were very inadequate, with any conceivable amount of real profit, to the discharge of a heavy expenditure; or rather, that their expenses, and known losses, at home and abroad, must have absorbed profits, together with a portion, if not the whole, of the capital subscribed; for in no published account is the real trading stock of either company any where accounted for.

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\* Vide Mill, vol. i. p. 89.

† For explanations and an analysis of the Company's asset accounts, the reader is referred to *Chap. IV. p. 566. et seq.*

We have Mill's authority, as before stated, that the sum total of the Company's exports to India, never exceeded in any one year previous to 1665 . . . . . £100,000

And in some years did not amount

to (*vide p. 438.*) . . . . . 25,000

From 1667-8 to 1673-4 they averaged (*vide p. 437.*) per annum . 239,028

From 1674-5 to 1681-2 (*vide p. 439.*) 457,768

According to a table published

by Mr. Moreau from official documents, the whole of the Com-

pany's exports in goods and bul-

lion, from 1687 to 1693 (*vide*

*p. 442.*) only averaged per annum 126,677

And for thirty years, or from 1680-1

to 1709-10, with a greatly in-

creased capital, . . . . . 374,566

These sums, with the net profit on sales, and the remainder of their respective capitals, constitute the funds which were then at the Company's disposal for the discharge of their expences at home and abroad. Their disbursements consisted of the cost and complete equipment of their "most warlike merchant ships," their current outlays at home, including dividends to the proprietors of stock; and the cost and maintenance of no less than eighty-four factories (many of them regular for-

tifications) in different parts of India and the Chinese Seas.\* If to these are added the heavy losses sustained by the Company at sea, as well as from capture, constant hostility with the Dutch, the rivalry of contending companies, and of *interlopers*, which so frequently reduced them to a precarious state, it is scarcely consistent with rational belief, that the results of their limited annual adventures should have yielded the means of repairing such losses, or of defraying such various and weighty charges.

On the subject of forts and factories, Sir Thomas Roe, ambassador to the court of the Great Mogul, so early as 1614, gave to the Company the following advice. “On my first arrival I understood a fort was necessary, but experience teaches me we are refused it to our own advantage. If the Emperor would offer me ten, I would not accept of one.” Sir Thomas then adduces evidence to prove — first, that it would be of no service

\* In Mr. Moreau’s work, p. 4, the whole of these factories are enumerated.

Mill, speaking of these factories, observes: “One grand source of the expences which devoured the profits of the Company’s trade was their factories, with all that mass of dead stock which they required — houses, lands, fortifications, and equipments.”—Vol. i. p. 62.

to their trade. “Secondly,” he adds, “the charge is greater than the trade can bear: for to maintain a garrison will eat out your profit. War and traffic are incompatible. The Portuguese, notwithstanding their many rich residences, are beggared by keeping soldiers. They never made advantage of the Indies, since they defended them. Observe this well. It has also been the error of the Dutch, who seek plantations by the sword. It is not a number of ports, residencies, and factories that will profit you. They will encrease charge but not recompense it.”

It would have been well for the Company had they followed this excellent advice; but, neglecting it, we have seen that, about the year 1680, (*vide* p. 440.) these establishments are stated to have cost them £100,000 per annum. It is also recorded,\* that, of twenty-nine factories established at different times and different places, for the protection of their pepper trade alone, most of them were withdrawn from not answering the expense of their maintenance; whilst at other times and places, these establishments are represented as ruinously expensive, unnecessary for the purposes of trade, only of use as sources of patronage to

\* Moreau, p. 4.

the Directors,\* and absolutely devouring their commercial profits.

That commerce, indeed, which can only be carried on in fortified factories, and vessels armed for aggression or defence, may confidently be supposed to have its funds absorbed in current expences, and frequent spoliation ; and bankruptcy, or debt, to be the unavoidable results ; whilst the statements of gain presented to the public, would naturally be such as are usually prepared by privileged bodies, interested in the concealment of real facts, and desirous of retaining to themselves all the envied privileges and advantages of chartered rights.

In modern times we are informed, on high authority,† that the Company's commercial statements, presented to the public, do not contain any charge for interest on the capital employed — insurance — cost of factories, warehouses, and other buildings — customs — salaries to Board of Trade and other commercial establishments — loss by advances to manufacturers — “ with various other out-lays, incidental to the trade.” If this were

\* Mill, vol. i. p. 51—63.

† Tucker, p. 180. Mr. Tucker, now a Director, was formerly accountant-general in Bengal, where he had the means of the minutest information regarding the Company's accounts.

the case in former times and we have too much reason, as already shewn, to suppose it so\*—there can be no difficulty in reconciling real accumulations of debt, with fallacious statements of profit, which none but the Directors themselves, or their officers, had the means of scrutinizing.

Secondly—The Company's balance sheets, presented at this time to the public, although the only documents forthcoming that pretend to exhibit a general view of the Company's affairs, are nevertheless entitled to no credit on the score of accuracy. Like the similar statements of modern date they are remarkable for an overvaluation of assets on the one hand; and, on the other for an omission unheard of in mercantile accounts, that of the capital stock embarked in the concern. It is clear that the capital of every merchant must be made good out of available assets; and should consequently be inserted, in statements of debts and assets, as a debit entry. But *in the East India Company's accounts, from the earliest times, it is constantly omitted*; and obviously for no other reason than to exhibit a favourable balance, which would other-

\* See the Company's estimates of profit in *pages, supra, 423, 425, et seq. and 433.*



wise be unfavourable ; or to cause an unfavourable balance to appear less so.\*

In the case before us the capitals of the different companies raised by each would seem to have wholly disappeared ; that is, to have been absorbed in wasteful expenditure, ruinous losses, or the accumulation of useless and unproductive dead stock. We know that the Company's affairs, during this century, were frequently involved in inextricable confusion.† The difficulties of adjusting old accounts, and old stocks, on every erection of a new company, or raising new subscriptions, seemed to be insurmountable ; and though payments were demanded by old subscribers from their successors, it no where appears whether these capitals, or any portion thereof, were ever repaid. Such, indeed, was the confusion attending these adjustments, that, according to Mill, there were at times, to all intents and purposes, two East India Companies, two separate bodies of proprietors, and two separate courts of Directors, acting under one and the same charter.‡

Various other causes were in constant operation throughout this period to burden and embarrass the Company's affairs. From the

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\* *Vide Chap. IV. p. 566. et. seq.*

† Mill, vol. i. p. 40. 44. 52.

‡ *Ib.* p. 44. 47.

commencement of their career they had been engaged in active hostility with the Portuguese and Dutch ; to which was added a fresh competition on the part of the French in 1668. The Company estimated the damages they had sustained by this warfare, from 1611 to 1652 at 2,695,999*l.* 15*s* ; But the Dutch setting up counter-claims, the commissioners, who had to decide on the dispute in 1654, only adjudged to the English as compensation 85,000*l.* with the cession of a spice island, Polaroon, which, Mill says, was not worth receiving.\* Of this sum £3,615 was allotted to be paid to the heirs or executors of those who were massacred at Amboyna. But the whole 85,000*l.* was at this time claimed by three different parties, viz., the third, fourth, and united joint stocks ; and from the apparent impracticability of adjusting their respective accounts, it could not be decided to whom, or in what proportion this sum ought to be divided.

Meanwhile Cromwell proposed to borrow the whole, until judgment were passed thereon by arbitrators chosen by the Council of State ; but the Directors, anxious to possess the money, or part of it, represented the different stocks to be 50,000*l.* in debt ; never-

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\* Mill, vol. i. p. 50--56.

theless, in gratitude to the Protector, they offered to lend him 50,000*l.*, provided the remainder of this money, or 35,000*l.*, “were assigned to them *to pay their most pressing debts, and make a dividend to the proprietors.*”\*

We have here again not only an acknowledgment of debt, but rather a suspicious declaration as to the real means of paying dividends to proprietors. But the whole history of their commerce, is, as we have seen, a continued series of embarrassment; whilst, in respect to territorial acquisitions, their earliest experience proved that the expense of maintaining these possessions exceeded the revenue which the population and territory could be made to yield,† and therefore fell as a dead charge on their commerce.

From these combined causes, the Company’s affairs are often represented as on the verge of ruin. We read of debts having accumulated both at home and abroad; and though the amount must have been considerable, the sum total is nowhere accurately stated. Mill’s researches on this head have only led to the following conclusion.

“Under the skill which the Directors have

\* Mill. vol. i. p. 52; and Bruce, vol. i. p. 503, 504.

† Mill, vol. i. p. 71.

“ all along displayed in suppressing such in-  
 “ formation as they wished not to appear, it  
 “ is often impossible to collect more than  
 “ gleanings of intelligence, respecting the  
 “ Company’s debts. At the present period  
 “ however (1685) they appear to have been  
 “ heavy and distressing. In 1676 it was as-  
 “ serted by their opponents in England that  
 “ their debts amounted to 600,000/., and we  
 “ have already seen that in 1674 the debt of  
 “ Surat alone amounted to 135,000/. In  
 “ 1682-3 the Directors authorized the Agency  
 “ in Bengal to borrow 200,000/., and in 1683-4  
 “ it is stated that the debt on the dead stock  
 “ at Bombay alone amounted to 300,000/.  
 “ *It seems highly probable that at this time*  
 “ *their debts exceeded their capital.*”

In the Company’s stock accounts, or balance-sheet, although there is always an imposing display of assets, at an arbitrary valuation, to counterbalance the amount of debt, and to give a colouring of prosperous solvency to the general aspect of their affairs, still accounts so constructed as to give any desired result at the pleasure of the framers, can have no claim to our confidence. With assets of uncertain value, the debt itself was a fixed amount, neither to be questioned, nor evaded. It was a claim requiring to be dis-

charged, whatever may have been its precise aggregate amount ; but apparently without available means for the purpose. Debt, indeed, was no more than the natural consequence of the difficulties and perplexities in which the Company's affairs were involved throughout the period reviewed. The fact is fully confirmed by the best authorities extant ; and though the actual sum of debt may be unknown, its character cannot be denied to have been, at this time, purely and exclusively commercial.

## CHAPTER II.

SUBJECT CONTINUED FROM 1711 TO 1765.

THE details given in the preceding chapter are intended to draw, from historical facts, the state of the Company's affairs from the earliest period ; the mode in which they were habitually carried on ; the circumstances by which they were chiefly affected ; and the natural result of joint stock operations conducted with the indifference, and disregard of economy, common to privileged bodies.

The period accordingly exhibits an almost uninterrupted series of fierce conflict with rivals ; feeble and insignificant commercial operations ; with vast outlays for the equipment of “ most warlike merchant ships ;” the maintenance of useless forts and factories ; severe and continued losses, as well from the open hostility of foreign enemies, as the competition of domestic *interlopers* ; together with bribes to men in power — the whole producing pecuniary embarrassment, frequently bordering on utter ruin, and the natural, if not inevitable, consequence, accumulation of debt.

Although the amount of debt is nowhere precisely stated in official returns before the public, we may yet rest assured that, even at this early period, it was no inconsiderable sum, when we revert to the various notices, and enumerations, of it in the preceding chapter; to the causes of its progressive increase; and to Mill's belief that it actually exceeded the amount of the Company's capital stock, which the act of parliament requiring them to confine their loans within this amount, seems in some degree to confirm.\*

1730. The Company however having procured an extension of their charter to 1733, with three years' grace, an association of merchants, in 1730, wishing to supplant the Company, proposed to H. M.'s Government to advance the 3,200,000*l.* due by them to the Company at four percent till the 25th March 1733, and afterwards at two percent, on obtaining a charter for thirty-one years. This project was defeated by the Company paying into the Exchequer 200,000*l.* as a free gift, and giving up 1 per cent of the interest payable on the abovementioned loan to Government; by which the Company's receipts on this account were reduced from 160,000*l.*, to 128,000*l.* per annum. Dividends

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\* *Vide page 445. supra*, and the Act there referred to.

to proprietors, which had been raised from 5 per cent. in 1708 to 10 per cent. in 1711, but had fallen to 8 per cent. from 1722 to 1732, were further reduced, in consequence of the preceding operations, to 7 per cent, and continued at that rate till Midsummer 1743, when they rose for twelve successive years, or till 1755, to 8 per cent.

In 1745, H. M.'s Government being in want of money to carry on the war in which they were then engaged with France and Spain, the Company advanced another million at 3 per cent. interest, in consideration of their charter being extended to 25 March, 1780, with three years' grace. The loan to Government was thus encreased to 4,200,000*l.*; and the interest on the whole sum being further reduced in 1750 to 3 per cent., the Company's loss of interest, on the two millions first advanced to Government in 1708 at 8 per cent., was a net 100,000*l.* per annum; whence dividends to proprietors again fell, and continued for eleven years, or from 1755 to 1766, at 6 per cent.

This sum of 4,200,000*l.* has been commonly, but erroneously, called the capital of the E. I. Company. Whilst tied up in the hands of Government it could not in any way have contributed to the commercial operations of the



1721. Company. We accordingly find that in 1721 by 7 Geo. 1. cap. 3. the Company were authorized to borrow money on their common seal to the amount of the sum lent by them to Government, if not exceeding on the whole five millions; but *they were only permitted to borrow for the purposes of their trade*. They were expressly restricted from acting as bankers; from borrowing sums payable on demand, or at a shorter date than six months; from discounting bills; or keeping books or cash for any person, sole, or corporate; in short *from raising money for any other purpose than the real business of the Company*.

At this time the loan to Government was  
1744. only 3,200,000*l*. When increased in 1744-5 to 4,200,000*l*., the Company were authorized to borrow another million on their bonds, by the 17 Geo. 2., in order to make good this additional loan to the public.\*

1749-50. To compensate for the reduction of interest to 3 per cent. on the above loan, the Company, it is recorded, was authorized to raise 2,992,440*l*. 5*s*., by the sale of annuities, payable at the India House, amounting to 89,773*l*. 4*s*.† This, therefore, was a distinct sum from that usually termed their capital.

Whether the Company availed themselves, at

\* Mill, vol. ii. p. 18—31.

† Moreau, p. 5.

this time, of the privilege of borrowing to the full extent authorized by both acts, although probable, is not publicly stated ; neither have I any precise account of their bond debts at home, and abroad, prior to that contained in the second and third reports of the Committee of secrecy of 1772-3, and which will be noticed hereafter. Meanwhile it is clear, from preceding facts, that the Company must have traded throughout this period *on borrowed capital*. Their subscribed capital (if so it may be called) was in the hands of H. M.'s Government. The dividends to proprietors were annually paid on the amount of these subscriptions.\* So that their trade to be profitable must have yielded a sufficiency to pay not only their annual dividends, but *interest besides on their borrowed capital* ;† together with all other demands, losses, bad debts, &c.

\* Owing to some deficiency, it is stated when the calls were made to make good the sums of 3,200,000*l.* agreed to be advanced on loan to Government, the capital on which dividends were declared stood at 3,163,200*l.* from 1708 to 1716, and afterwards at 3,194,800*l.* till the year 1787. It was then encreased to 4,000,000*l.* ; in 1789 to 5,000,000*l.* ; and in 1793 to 6,000,000*l.*

† This is a point that should be attended to by those who are disposed to admit, with the Company's advocates, that dividends are the only proper interest chargeable to the Company's commercial operations. It will be seen in the

Mr. Moreau has given a table of the Company's exports to India and China, from 1714 to 1760, compiled from official accounts, and of which the following is an extract up to the year 1733.

Trade from  
1714 to 1733

Average of	Years ending 29 Sept.	British Manufactures, Stores, &c.	Bullion			Total.		
		£ s. d.	£	s.	d.	£	s.	d.
10 Yrs. ending in	1724	99,410 12 10	518,102	11	0	617,513	3	10
9 ditto in	1733	105,699 16 5	510,131	17	0	615,831	13	5

We have no account of the returns from India and China previous to 1761; but there is annexed to the third report of the Committee of Secrecy in 1773, an account of the Company's exports, including bills of exchange paid, from the year 1732-3, (the first, according to Mill, of their rendering regular accounts of their transactions) contrasted, not with the prime cost or value of the returns, but with the amount sales thereof in England, of which account the following is an abstract from 1732-3 to 1765-6 inclusive.

sequel, that the interest received by the Company on their loan to the public fell greatly short of that which they had to pay for borrowed money. What it was before 1760 I know not; but after that time the interest received from Government was certainly not one half of that which the Company had to pay for borrowed money.

Amount paid for Goods, Stores and Bullion exported, and Bills of Exchange ; also, Amount of Sales (discount deducted), including Salt Petre to the Board of Ordnance, from 1st March, 1732, to 1st March, 1766.\*

Years.	Goods and Stores exported paid for.	Bullion exported paid for.	Bills of Exchange paid.	Total Exports and Bills of Exchange paid.	Amount of Sales.
Six Years. From 1732 to 1737, Average, per year..	£. 866,905 144,484	£. 2,820,839 470,139	£. 1,068,838 178,139	£. 4,756,583 792,763	£. 10,386,421 1,731,070
Ten Years. From 1738 to 1748, Average, per year..	1,795,660 179,566	5,228,338 522,833	1,990,763 199,076	9,014,762 901,476	18,062,970 1,806,297
Ten Years. From 1748 to 1758, Average, per year..	2,767,309 276,730	7,670,579 767,057	1,644,834 164,483	12,082,723 1,208,272	21,434,595 2,143,459
Eight Years. From 1758 to 1766, Average, per year..	3,249,748 406,218	1,157,905 144,738	3,504,104 438,013	7,911,757 988,969	18,027,134 2,253,391

34 887722 1687726 17820039 339765822 9791120

\* A similar table to this is given by Bruce, in his Historical View of Plans, &c. for British India. The divisions of the period in each are not precisely the same ; but as far as the two tables admit of comparison, they seem to be compiled from the same documents. Mr. Bruce subjoins to his table the following remark : “ The largest quantity of bullion exported in one year was in 1753, when the amount of 667,923*l.* was sent to India, and 276,333*l.* to China, making 944,256*l.* The largest average is from 1747 to 1757, being 767,057*l.*, of which 564,423*l.* was sent to India, and 202,634*l.* to China. *The Company's conquests in India at this juncture rendered it unnecessary to continue the export of bullion thither, and accordingly of the average amount, 121,287*l.* from 1757 to 1767*l.*, 97,074*l.* was sent to China, and the remainder to Bencoolen, St. Helena, &c.”—Plans for British India, page 295.*

This is the best account that can be given, from records now in print, of the state of the Company's trade for the period contained in this chapter. It will shew that their trade was chiefly carried on at this time by means of bullion and bills of exchange. The goods and stores are of trifling amount. In the latter part of this period, the goods and stores, it will be perceived, increased; but Mill assures us\* that the greater part of this increase consists of stores and other military apparatus, for the supply of forts, and to maintain the struggles in which the Company were engaged, as well in Bengal as the

~~Mysore, Carnatic, &c.~~

It will also be seen in the preceding statement, that the supply of bullion to India and China fell off considerably after the year 1757-8; whence it may be inferred that, as the Company now began to acquire territory in India,† and were amply repaid by native

\* Mill, vol. ii. p. 29.

† The 24 Purgunnahs, a district adjoining Calcutta on the east side of the Hoogley, and comprehending about 882 square miles, was ceded to the Company in 1757, and the provinces of Burdwan, Chittagong, and Midnapore in 1760, the net revenues of which, according to Verelst (p. 72—74), were at this time 5,581,196 Rs., or, at 2s. 3d. per Rupee, 627,884*l*.

princes (as will appear presently) for war expences, a considerable portion of the homeward cargoes, or investments, may be presumed to have been furnished from the local resources of India ; for, to judge by the column of sales in the latter period of the preceding table, the returns from India would seem to have been much increased after 1758, although the exports to India on commercial account are shewn to have greatly diminished.

The account, however, as it stands in the Third Report, is intended by giving, not the prime cost, but the sale proceeds, of the returns, to exhibit a dazzling view of profits realized in the Company's trade ; but from these profits the Company had to pay in England customs, freight and demurrage, charges of merchandize, re-exports of goods stores and bullion to India (all weighty sums as exhibited in subsequent accounts), with other miscellaneous payments ; besides interest, at 3 and 4 per cent. on the borrowed capital, or fixed home debt, amounting in 1765 to 205,577*l.* per annum ;\* together with dividends to proprietors at various rates, but which averaged from 1708 to 1766, 219,238*l.* per annum.† These profits, therefore, however dazzling at first view,

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\* Third Report, Committee of Secrecy, 1773.

† Vide Moreau's Tables.

must have been wholly absorbed by the large payments here adverted to; nay more, they could not have sufficed for the payments in question, as the Company's home debts had considerably increased during the period, and amounted at its close (with the addition of a floating debt, but which also bore interest) to a sum total of 8,177,247*l*.

One of the greatest injuries sustained by the Company in the prosecution of their trade, and that which always excited their greatest alarm, was the intrusion of "*Interlopers*." From the earliest period have they ever regarded free trade as their most fatal and destructive enemy. Although so late as 1691, under the powers of admiralty jurisdiction vested in the Company, *Interlopers*, found in India, were ordered to be seized, tried, and condemned to death; and though sundry acts had been passed prohibiting their resort to places within the limits of the Company's exclusive privilege,\* they were still found, in and about 1716, to abound in various parts, through the medium of foreign agents, or under commission from foreign governments. In 1718 another act was therefore passed† authorizing the Company to seize all such competitors and send them to England; the offenders being

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\* *Vide supra*, p. 439, and Mill, vol. ii. p. 70. 76.

† 5 Geo. 1. cap. 21.

also subject to a penalty of 500*l.* for each offence.

About this time a new company, called the Ostend Company, had embarked in the India trade under the usual dreams of inundating returns of wealth. Government were accordingly assailed, on this event, with renewed terrors, and complaints, by the British E. I. Company, who asserted that the Ostend Company, though chartered by the emperor, was chiefly supported by British capital and adventurers. They accordingly procured another act in 1721, enforcing former penalties : but as this failed of success, a third act was passed in 1723, prohibiting foreign adventures to India under the penalty of triple the sum embarked, declaring all British subjects found in India, and not in the service, or under the license of the E. I. Company, guilty of a high misdemeanor, and empowering the Company to seize and send them home for punishment.\*

The Ostend Company, though very successful for a time, was abolished by the Emperor in 1727, to obtain the concurrence of France, England and Holland, to the Pragmatic sanction ; but the agonies, and struggles, of both the Dutch and English E. I.

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\* 7 Geo. 1. c. 21 ; 9 Geo. 1. c. 26.



Companies, sufficiently indicate the loss and damage they were exposed to during the term of its existence; and how much successful competition always subtracted from the scale of their apparent, or computed, profits.

1715. Previous to this last occurrence, or in 1715 an embassy had been dispatched with costly presents to the Court of Feroksere, the Mogul Emperor; where, after a residence of two years, and continued bribes to men of influence, and in power, this embassy at length obtained in 1717, the objects of its mission; which were, “that the cargoes of English  
 “ ships wrecked on the Mogul’s coast should  
 “ be protected from plunder, that a fixed sum  
 “ should be received at Surat in lieu of all  
 “ duties; that three villages, contiguous to  
 “ Madras, which had been granted, and again  
 “ resumed, by the government of Arcot,  
 “ should be restored in perpetuity; that the  
 “ Island of Diu, near the port of Masulipa-  
 “ tãm, should be given to the Company for  
 “ an annual rent; that all persons in Bengal,  
 “ who might be indebted to the Company,  
 “ should be delivered up to the Presidency on  
 “ the first demand; that a passport (*dustuck*)  
 “ signed by the President of Calcutta should  
 “ exempt the goods which it specified from  
 “ stoppage, or examination, by the officers of  
 “ the Bengal government; and that the Com-

“ pany should be permitted to purchase the  
 “ Zemindarship of thirty-seven towns, in the  
 “ same manner as they had been authorized  
 “ by Azeem Ooshaun (in 1698) to purchase  
 “ Calcutta, Suttannutty, and Govindpore.”\*

1718.

The Mogul Emperor's orders on these heads had full effect in Guzerat, and Deccan ; but the Subahdar of Bengal (Jaffier Khan) successfully opposed the proposed purchase of thirty-seven towns on the Hoogley. The President's *dustucks* were allowed to have effect, as regarded the export trade ; but the Company's servants in Bengal now, as in times past, having a trade of their own to carry on, independent of that of their masters, whose interests were very naturally sacrificed when those of the local agents were to be promoted, claimed and exercised the privilege of the *dustuck* to favour their own internal traffic ; but as so unreasonable and unjust a privilege, in favour of one set of merchants, was obviously calculated to ruin the inland commerce of the country, the use of the *dustuck* was so far prohibited. In subsequent years however it was resumed, and exercised not only by the English themselves, but by every Englishman's native agent throughout the country ; and led to those disgraceful scenes, about the middle of last century,

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\* Mill, vol. ii. p. 20.

which have left an everlasting stain on the British name in Bengal.

Meanwhile the Company's trade proceeded in the usual course, with little variation as to amount of homeward investments, and experiencing much the same difficulties and obstructions from "*Interlopers*" and rival companies.

The French had now become their most formidable rivals. They had long been in possession of the Isles of France and Bourbon. Pondicherry was also an ancient possession. It had been taken from them by the Dutch in 1693; who fortified the place; but restored it again in 1697 at the peace of Ryswick. Pondicherry had three factories subordinate to it on the continent of India; Mahé on the Malabar Coast; Karical on the Coromandel coast; and Chandernagore on the Hoogley; and constituted a separate government from that of the Islands. The celebrated Labourdonais was appointed Governor of the French Islands in 1734; and contributed greatly to their improvement. He returned to France in 1740; and conceived the project of overthrowing the British trade in India, on the breaking out of hostilities then expected, and which actually took place in 1746, between France and England. Labourdonais was accordingly reappointed Governor of the Islands; and having prepared

a force for the purpose, appeared before Madras on the 14th September 1746, which capitulated after a bombardment of five days; Labourdonais pledging himself to restore the place for a moderate ransom. Private property was accordingly duly and honorably protected; but the magazines and warehouses of the Company, as public property, were taken possession of by the French Commissioners.\*

Madras, at this time, had been the Company's principal settlement on the coast of Coromandel for a century; and was encompassed on the land side by a territory five miles long, and about one broad. Being the principal depot of the Company's trade in those parts, the loss of property on this occasion must have been great; for Dupleix, the Governor of Pondicherry, and jealous rival of the honest Labourdonais, after menacing and entreating in vain, succeeded at length, by intrigue, to resist the restoration of Madras; ordered the treaty of ransom to be annulled; and every article of property in the place to be seized, save the clothes of the wearers, women's jewels, and moveable furniture in houses—orders which, Mill observes, were executed with avaricious exactness.†

War now continued with various success, and corresponding expence, between the

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\* Mill, vol. ii. p. 33.      † Mill, vol. ii. p. 45.

1748. English and French Companies on the coast of Coromandel until the year 1748 ; when the treaty of Aix la Capelle terminated the war in Europe, and restored Madras to the English. Nothing of importance had occurred at the other Presidencies ; the Subahdar of Bengal having prohibited the French and English from carrying on warfare in his dominions. „For the protection thus bestowed he demanded contributions from both parties. That exacted from the English is stated to be 100,000*l*.\*

The French and English settlements being furnished with more troops, during the war, than was necessary for their defence in peace, both parties assumed a new character ; and quitting the humility and submission of mere traders, now turned their thoughts to higher deeds. The ambition of Dupleix was unbounded ; and intriguing deeply with the native Princes, he had already conceived the project of establishing a French empire in the east, and of driving the English from all their possessions. The English East India Company were not far behind him in schemes of aggrandisement. As early as 1698, the directors in England had instructed their servants abroad in the following terms : “The increase  
“ of our revenue, is the subject of our care as

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\* Mill, vol. ii. p. 50.

“much as our trade; ’tis that must maintain  
 “our force, when twenty accidents may inter-  
 “rupt our trade; ’tis that must make us a na-  
 “tion in India; without that, *we are but as a*  
 “*great number of interlopers, united by his*  
 “*Majesty’s royal charter, fit only to trade where*  
 “*nobody of power thinks it their interest to*  
 “*prevent us*; and upon this account it is that  
 “the wise Dutch, in all their general advices  
 “which we have seen, write ten paragraphs  
 “concerning their government, their civil and  
 “military policy, warfare, and the increase of  
 “their revenue, for one paragraph they write  
 “concerning trade.”\* With these sentiments  
 and views on both sides, with the most ran-  
 corous jealousy of each other, as commercial  
 rivals, and with forces at their command  
 inviting them to acts of arrogance, injus-  
 tice, and hostile aggression; the English and  
 French Companies, soon after the peace of  
 Aix la Chapelle, became involved in struggles  
 on the continent of India; which, though  
 avowedly maintained to support native Princes  
 on either side, with whom alliances had been  
 formed, were still, in reality, struggles for  
 their own existence; the aim of each Com-  
 pany being to crush the other, so as thereby  
 to secure the entire monopoly of the Indian  
 trade.

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\* Mill, vol. i. p. 74.

The detail of these wars is of course foreign to the object of this publication. I shall only notice briefly, their character, and their effect, as far as it can be traced on the Company's finances.\*

1748      The Carnatic war commenced in a contest  
to  
1756.      for establishing Mahomed Ali, as Nabob of the province, in opposition to Chunda Saheb, a pretender to the Nabobship, under the auspices of Mirzapha Jung, who aspired, on the death of Nizam al Mulk, to the Subahdary of Deccan ; the English siding with Mahomed Ali, the French with the opposite party. This war continued, throughout the period here reviewed, with various success, but rancorous animosity, on both sides. From 1748 to 1756, there was peace in Europe between France and England ; but the wars of the hostile Companies raged uninterruptedly in India. A short truce occurred on the removal of Dupleix from India, in 1754 ; but was almost immediately broken by the English proceeding to reduce Madura and Tinnevely, to the obedience of their Nabob ; and the seven years' war in Europe breaking out in 1756, hostilities were renewed on a lar-

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\* The first exploit of the English in 1749 was against Tanjore, where they took the fort of Devicotah, which was afterwards ceded to them by the Raja, with an adjoining territory, yielding in revenue 9000 Pags. per annum.

ger scale in the Carnatic, on the arrival of Lally, in 1758; and continued till the taking of Pondicherry, by Col. Coote, in 1761, and the expulsion of the French from the continent of India. In 1763, the treaty of Paris was signed, which terminated the seven years' war; but the Company's interposition, and forces being still requisite to regulate affairs in Tanjore, Madura, and Tinnevelly, military operations were continued in those parts throughout the remainder of the period. 1758.

Meanwhile, the Company's affairs in Bengal proceeded peaceably, and without any occurrence of importance, until the year 1756; when the conduct of the Company's servants having given offence, and justly, to the Subahdar, Suraja Dowla, he marched an army to Calcutta, took it by assault, and consigned all the Europeans, who had not effected their escape, to the miseries of the "black hole." 1756.

Upon this calamitous occurrence being known at Madras, now the Company's principal settlement on the eastern side of India; Col. Clive and Admiral Watson were dispatched to the Hoogley, and early in the following year retook Calcutta, with other places; and on the 9th of February 1757, concluded a treaty with the Subahdar; by which he agreed to restore to the Company all their factories, and former privileges, and to make



compensation for such of the plundered effects as had been brought to account in the books of his government.\*

1757  
to  
1765. During the course of these hostilities, as well as those in the Carnatic, the French in Bengal had preserved a strict neutrality; which accorded also with the wishes and policy of the Subahdar; but Clive, after his last success, wishing to possess himself of the French settlements, and proceeding to accomplish it, in defiance of the Subahdar's authority, and of an express treaty with the French themselves, fresh disputes occurred, which led to a renewal of war with Suraja Dowla; to the famous battle of Plassy; the dethronement of Suraja Dowla; the elevation of Meer Jaffier to the Subahdary; his deposition in 1760, and the elevation of Meer Cossim; the deposition of Cossim, and restoration of Jaffier in 1763; his death in 1765, and the permitted accession of his son, Nudjeem ud Dowla; who, immediately afterwards, was made to concur in his own degradation, and to accede to the grant, by the Mogul Emperor Shah Allum, of the Dewanny of Bengal, Bahar and Orissa, to the Company; which erected them into virtual sovereigns of these most valuable and fertile territories.†

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\* Mill, vol. ii. p. 106.

† *Vide Vol. I. p. 333.*

The military and diplomatic transactions of this period being foreign to the present publication, I need only refer to existing histories for the details of this important event, and the disgraceful scenes, scandalous exactions, and treacherous conduct, through which it was effected. Our present concern lies rather with the character of these wars, the expenses they entailed on the Company's finances, and how far they may have contributed to the burden of debt.

From the earliest period of the Company's trading to India, we have already seen that they had to fight for the support, and even existence, of their monopoly. This expense, incurred for the first century in uninterrupted hostility, first with the Portuguese, and afterwards with the Dutch, was as much appendant on their trade as the freight of their ships, or the support of their commercial factories. Until the year 1765, the Company had no pretensions to a political character in the east. After the French had established themselves on the continent of India, their contests with the latter were of the same character, or scarcely differed from Portuguese or Dutch hostility, except that the Company's contests with French rivals were for the most part land operations, while the former were chiefly maritime. When Dupleix intrigued with native

princes, for the avowed object of annihilating the English trade and possessions in India, it was natural for the English to court the alliance of other powers, to aid in the struggle for their commercial existence. In this way native powers, having also their own objects in view, were engaged in these contests on both sides; but as regards the French and English East India Companies, so completely were they considered as the mere squabbles of commercial rivals, that they were suffered to be carried on in India, without objection for a course of years, during which, the two governments in Europe were in profound peace.

As to the expense of these wars, however the Company may now pretend to assert, and to maintain in evidence, that the charge was defrayed out of commercial funds, the fact is not so, and should be fairly stated.

When Mahomed Ali was installed, without a rival, Nabob of the Carnatic, the whole kingdom (for it was now in reality a sovereignty quite independent of the fallen power of the Mogul), as well as the Nabob himself, became subject to the absolute will of the Company, and their local servants. The latter, like all Europeans in these days, fancied the wealth of India, and of course of all its provinces, inexhaustible—an impression which tended neither to moderate their expectations, nor their

demands of compensation for the services they had rendered. Exactions were accordingly only limited by what power and artifice united were unable to enforce --- independent of the contributions levied by armies in the different provinces through which they passed. At the close of the war, or rather before the surrender of Pondicherry, the Nabob voluntarily engaged to pay, from the revenues of the country, for the expenses of the war, Rs.2,800,000, (315,000*l.*) annually, until the debts thereby incurred should be discharged; and Rs.300,000 (37,750*l.*) annually, to defray the expense of the garrison at Trichinopoly. Shortly after, the president and council at Madras peremptorily demanded of the Nabob, Rs.5,000,000 (562,500*l.*), which, for want of means, he was obliged to raise by loan on disadvantageous terms. He was next required to pay all the expenses of the siege of Pondicherry; to which he agreed, on being allowed the stores taken in the place. When it fell, the stores were nevertheless appropriated by the Company's servants; who said they would allow him a certain sum for the same in account; but the Directors, objected to the allowance; the sum was written back, and the Company's servants remained in possession of the stores. The Raja of Tanjore having agreed by treaty to pay the Nabob Rs.2,200,000 (247,500*l.*), as arrears of tri-

bute; four lacs, or 45,000*l.* as a present, and 45,000*l.* more annually as a tribute, the former sum was ordered to be paid to the Company, and credit given to the Nabob in account; the Company at the same time conceiving that they ought properly to have received the present, for their interposition and guarantee of the treaty. The Company next obtained from the Nabob, the province called the Jaghire;\* afterwards other districts; finally, the revenues of the whole Carnatic passed into their hands; and when the Nabob, fearing there would be no end to the Company's exactions, wished the same to be included in a binding agreement, and forwarded a draft for the purpose to the governor; it was angrily returned by the latter, who informed the Nabob, that it ill became him to make conditions with the Company; adding, "they do not take any thing from you, for "they are the givers, and you are a receiver."†

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\* Vide *Vol. I. p. 418*. The grant of the Jaghire to the Company will be found in App. 9, Fourth Rep. Com. of Secrecy in 1782, p. 692, with a schedule of the revenues annexed, amounting to 442,881 *Pags.*, or 177,152*l.* Besides which, it appears from App. 8 of the same Report, that the Nabob contributed annually 800,000 *Pags.*, or 320,000*l.*, to the general expences of the Madras government, of which 600,000 *Pags.*, or 240,000*l.*, were on an average applied to the provision of investments.

† Mill, vol. ii. p. 230.

In further corroboration of these payments by the Nabob, Mr. Moreau (p. 6.) quotes a document from the auditor's office at the India house, dated in 1774; in which it appears that there was received from the Nabob of Arcot, for his share of war expenses in the Carnatic, 1,900,000*l*.

In a schedule of the third report of a committee of the House of Commons, on East India affairs, in 1773, (vol. iii. p. 311); it appears that, pending the lively process of making and unmaking Subahdars in Bengal, the Company received in restitution for losses, damages, and expenses incurred during the period, no less a sum than 3,770,883*l*., exclusive of enormous and most disgraceful presents to individuals.

On the authority of Mr. Moreau, it may be likewise added that, in 1761 to 1763, the Company had received further sums (amount not stated), for military expenses in India, from his Majesty's government in this country.\*

Admitting therefore that the expense of these contests was supplied in the first instance from commercial funds or loans — and the Company had clearly at this time no other source of supply — still these restitutions, and the annual contributions from the Carnatic,

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\* Moreau, p. 5.

must have gone far to lighten, if not entirely to liquidate, the cost of the Company's military operations. The latter indeed is the more probable supposition, if we consider the mere handful of troops employed in these struggles; and of which the cost must necessarily have been trifling, compared with that of European, or more modern Indian warfare.\*

An attempt was made in 1830, to prove in evidence before the select committee of the House of Commons, then sitting, "*that the debt of India had its origin entirely in territorial causes;*" it being of importance, it was added, "that the committee should also see "that the Company's commercial capital "rested on a solid basis."† However high the authority from which this explanation proceeds, I feel bound to declare that the attempt is a complete failure.

The explanation is founded on three accounts, which are referred to as having been submitted to Parliament in 1781, by a committee of East India proprietors, to shew

\* At the celebrated and decisive battle of Plassey our army consisted of only 650 Europeans, 2100 Sepoys, and 150 artillery, of whom 50 were sailors landed from the men-of-war. On other occasions our armies have only consisted of 300 and 400 Europeans, with a proportion of native troops.

† Minutes of Evidence, 7th June, 1830, Answer 5671.

that the charge incurred by the Company in the wars which preceded the acquisition of the Dewannee, *in excess* of the *sums afterwards derived from the territorial revenues*, amounted, exclusive of interest, to 3,616,000*l.*; and that if a similar separation of territorial and commercial accounts to that adopted in 1816 had then existed, this sum would have been debited to territory, as a supply from commercial funds. Now the accounts referred to prove no such thing. They are inconclusive productions at best. An “approximative result” is all that is pretended to be obtained from them.\* On inspection, all that they exhibit — and this in a very imperfect, if not delusive, state — is, that from the year 1730 to 1745, being fifteen years, the supplies to, and returns from, India, nearly balanced; but from 1749 to 1764, another fifteen years, the supplies to India exceeded the return cargoes from India, in the sum of 5,069,684*l.*; which sum is therefore *alleged* to have been expended in war charges; but it is a mere allegation or supposition, for not the slightest proof is adduced of the fact. To these two

\* These accounts are *merely referred to* in Mr. Melville’s Evidence of June, 1830. They were afterwards procured and delivered in to the Select Committee in July, 1831 by Mr. Langton.



accounts is appended a third, to shew that, in fourteen years subsequent to the acquisition of the Dewanny, or from 1764-5 to 1778-9, territory had supplied commerce with a surplus of 3,622,969*l*. If, then, this sum be deducted from the other, it will only leave 1,446,715*l*., as the excess of supply from commerce to territory, instead of 3,616,000*l*., as stated in evidence. How the latter sum is made up, is not explained.\* As those three

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\* In Bruce's *Historical View of Plans, &c. for British India*, the following explanation is given of this most extraordinary claim: — "In Mr. Smith's (chairman) account, formed in 1781, he says, that in fourteen years, from 1766 to 1780, the sum contributed out of the revenues for the purchase of investments amounted to 3,622,969*l*., of which 2,169,400*l*. was paid into the exchequer on the agreement of 1767, leaving to the Company 1,453,569*l*. Against this was placed 5,069,684*l*., expended by the Company in the fifteen years' war from 1750 to 1765, so that in 1780 the revenues of India stood debtor to the trade 3,616,215*l*.'" In a subsequent chapter Mr. Bruce again brings forward this claim as "an additional reason for continuing the present union between the trade and the revenues, and for granting the Company such terms as shall enable them to discharge the debts which they have contracted in defence of the Indian provinces, and of their trade, and to realize the value of their stock."—Bruce, chap. ii. p. 202, and chap. iii. p. 327.

If commerce had really sustained the heavy loss abovementioned from its union with territory, it seems an odd reason for desiring its continuance, and for expecting to be able to discharge

accounts are important, and tend moreover to prove on what imperfect data the Company's commercial statements are, even in modern times, founded, I have annexed them, under A, B, and C, as an appendix to this chapter.

But it is not a little remarkable that accounts, so vague and imperfect as these, should be resorted to for so important an explanation, when others of an unexceptionable character, and better authenticated, were at hand to establish the facts of the case. As this explanation has been refuted in a subsequent evidence given to the committee of the House of Commons, by Mr. Langton, in July, 1831,\* it would be superfluous to reiterate his analysis. I shall, therefore, content myself with observing—as these are merely statements of goods exported to India, and goods returned to England—that if charges are added on the one side, they ought equally to be added on the other. In this case, the goods exported have 10 per

debts by the very connexion which had caused their being ntracted. It is also to be remarked, that the 2,169,399*l.* abovementioned, as paid into the exchequer, is all that the public received in pursuance of the agreement noticed in the next *Chap. p. 506*, to pay government 400,000*l.* per annum, in confirmation of the Dewanny grant.

\* *Vide* Min. of Evid., 21 July, 1831. 'Answ. 2861.

cent. added to the invoices for charges; whilst a large portion at least of the commercial charges, paid in India, are obviously omitted on the other.

Again, the cost of *all* the goods *exported from England* are debited in these accounts as against India, without any deduction for what may have been lost on the outward voyage, and which, therefore, *was not* a supply from commerce to territory. In forty-four years, the period contained in these accounts, the sea losses must have amounted to a considerable sum.

Again, although the cost of *all* the goods exported from England are debited in these accounts, we have only on the credit side the cost of such returns furnished by India *as were actually received or realized in England*. Whatever was lost (and much must have been lost in so long a period) on the voyages home, although an actual territorial supply, is also omitted.

Of the commercial charges, *paid in India*, and not added to invoices, we have no precise statements. In the accounts A and B, the sum of 121,229*l.* per annum is credited as the net charge for "the maintenance of the Company's settlements in India," which, previous to the Dewanny grant, was necessarily disbursed out of commercial funds, and which

we may therefore assume as what in other accounts are denominated commercial charges not added to invoices. After the Dewanny grant, these charges were defrayed from territorial revenue ; and taking them all at the same amount, or 121,229*l.* per annum for the next fourteen years (in\* which no credit is given for these charges), we have £1,697,200 which ought unquestionably to be

added to the credit side of account C.

We have no means of stating the losses on the outward voyages ; but as regards homeward voyages, it is stated by Moreau (Tables, p. 24.) that the losses actually amounted in fifty-one years, or from 1761 to 1811, to 1,958,076*l.*, averaging, therefore, 38,393*l.* per annum. Now if we take this average for the forty-four years of the accounts A, B, and C, we have, as the sum of losses, which ought also to be credited,

1,689,292

Total credits . 3,386,492

and which, added to the admitted surplus in C of . . .

3,622,969

£7,900,461

would thus far more than clear off the alleged balance stated in these accounts as a debt from territory to commerce ; independent of the large sum, which ought also to be credited (could we get at the amount), for losses on the outward voyages. So much for the boasted proofs deduced from these accounts.

But besides all this, we are not shewn how this £5,069,684, or whatever the real balance might be, was applied. It is only presumed to have been applied to war charges, but it is much more reasonable to conclude that this sum was, as in a similar case recorded in 1624, (*vide Chap. I. p. 424-5.*) “detained in India “to defend the Company’s property,” that is, for protection against the wiles, or violence, of their rivals the French and Dutch ; or, as stated in the account itself, “for the support of “the Company’s settlements.” At all events, in whatever way it was expended, and whatever may have been its real amount, it was a commercial expenditure *as regards the English Company, or their contests with the French Company* ; for they had at this time no other character ; and in as far as it may have been expended to support the wars of allied native princes, it was more than repaid in the

exactions levied upon those princes on the termination of each war.\*

On the whole, therefore, I can only repeat, that accounts so vaguely framed, and which in fact prove nothing, ought not to have been recurred to as the basis of so important an explanation.\* Even on the principle assumed, viz. of a supposed separation of accounts, as prescribed by the act of 1813, a loose estimate of cargoes on both sides, such as exhibited in these accounts, would lead to no satisfactory conclusion. Before commerce could be in funds to furnish supplies, as asserted, to territory, it would require to be shewn that a balance in favour remained, after defraying all the charges of her own concern, such as interest, dividends, commercial establishments, buildings, losses, &c. A fair and true account, as between territory and commerce, should also set forth the actual advances made to commerce in India from the territorial revenues, not merely for the purchase of cargoes, but to defray various charges and establishments—in other words, the surplus revenue, and mo-

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\* There is strong reason to suspect that these restitutions were sufficient, not only to replace war expences, but even at that time to supply commerce with funds for the encrease of investments.—*Vide supra*, p. 465, to 467.

nies raised on loan, which loans, on the supposition of a surplus revenue, could only have been required for commercial purposes, and therefore erroneously charged to territory. Now, Mr. Verelst shews, in his publication, p. 81, that the revenues of Bengal supplied commerce with nearly five millions sterling, in *five years* after the Dewanny Grant; and this is corroborated by several official statements annexed to the reports of the secret, and select, committees of the House of Commons in 1773 and 1782-3. In two of these statements in particular, the revenues and charges are carried down to 1778-9, or fourteen years subsequent to the Dewanny Grant; and from these it will appear, that the surplus revenue of India, of this period, all of which commerce absorbed, was 11,320,945*l.*, or more than three times the amount stated in the evidence here alluded to, to be at this time due from the territorial to the commercial concern.

If, therefore, we were to concede the position (which, however, is not admitted), that commerce had supplied territory in the first instance with either the 5,069,684*l.*, or the 3,616,000*l.* above-mentioned, it would manifestly be a preposterous and arbitrary act, again to charge territory with this supply, as

a debt to commerce, after it had been thus more than doubly or trebly repaid.\* At all events, with a surplus revenue of 11,320,945*l.*, after paying every description of territorial charge, and an encrease to the Indian debt

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\* The account from which I have extracted the sum of surplus revenue stated in the text of 11,320,945*l.*, will be found in the third Rep. vol. iv. p. 60—64, and sixth Rep. vol. 8. p. 362—367. These are general accounts of receipts and disbursements at the different Presidences in India, signed and certified by the “auditors of Indian accounts.” On inspection of these accounts it will be seen, that the three first columns of receipts, and the four first columns of disbursements, are the only ones which attach to territory. The rest are wholly commercial. Comparing, therefore, the receipts with the disbursements, the following will be found to be the result.

From 1765—1770:

Bengal surplus .....	£4,598,126
Madras do.....	77,600

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4,675,726

Bombay deficit .....	1,293,862
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Net surplus..... £3,381,864

From 1771—1778:

Bengal surplus .....	£9,752,039
Madras do. ....	447,091

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10,199,130

Bombay deficit .....	2,260,049
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Net surplus ..... 7,939,081

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Total net surplus in 14 years.. 11,320,945

These accounts will be further noticed in a subsequent chapter (*vide p.559*).



within the same period of about one million sterling, if 3,622,969*l.* is all that territory could afford to supply to commerce in the fourteen years in question, it behoves the Company to explain at least how the remainder, both of the surplus, and loan, was disposed of.

In the appendices, one to ten of the third report of the Committee of Secrecy in 1773, we have statements of the Company's debts at home and abroad, from 1762 to 1772.

In 1765-6, the sum of debt will be found to consist of the following items, viz.

Annuity debt ( <i>vide p.</i> 462.)	£2,992,440	5	0
Bond debt, at 4 per cent. . . .	2,895,107	10	0
Floating debt (various rates of interest) . . . . .	2,289,699	16	6

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Total Home debt    8,177,247    11    6

Add

Bond debt abroad at Bengal  
and Madras, 30th April, 1766    756,680    0    0

Total . . .    £8,933,927    11    6

exclusive of the Company's capital stock.

Of the home floating debt above-mentioned, it may be well to explain, that it is not an extraordinary, or even casual, amount. It consists of sums due for customs, freight and demurrage, goods and stores, bullion, bills of exchange accepted, loans from the bank,

payments due to government, and other arrears, but all bearing interest of 3 or 4, and from 12 to 15 per cent. A floating debt of nearly the same amount runs through every year of this period, with little variation.

It amounted in 1762, to . £2,155,492 9 1  
and in 1772, to ' . 3,953,339 1 6

But of the two fixed sums of debt above-mentioned, viz. the annuity debt, and the bond debt, it will be recollected, that they were raised in pursuance of the Act 7 Geo. 1. c. 3. (*vide p. 462.*); that they were then expressly limited by law to be *for the aid and use of the Company's commerce, and for that only*; and that ever since that period, up to 1765, they had in part, or in whole, served as the Company's trading capital. There can be no question, then, as to the Company's debts, up to this time, being purely commercial; whilst, if it can be proved, on better evidence than that hitherto adduced, that advances had really been made by commerce to territory, previous to 1765, the balance of account between the two branches will depend on a fair adjustment of supplies and repayments on both sides, subsequent to 1765, for which, important facts and materials will be found in the two following chapters.

(A)

A Statement of the cost of the Goods and Stores exported from England, on the Directors from abroad, and of the Profits arising from the contrasted with the Invoice cost of the returning Cargoes for the above Sums disbursed from hence, at a period prior to any of those East India Company's concerns in India were confined solely to

From Sept. 1730 to Sept. 1745. 15 years.	To the cost in England of the goods, stores, and bullion <i>exported to India and China</i> , the amount paid for bills of exchange drawn on the Directors, and the charges paid for raising recruits, &c. in the course of the fifteen years, together with the profit (amounting to about 850,000 <i>L.</i> ) arising from the sale of Europe goods and stores abroad .....	£13,152,968
		£13,152,968

of the Military Charges, &c. paid at home, of the Bills of Exchange drawn sale of Europe Goods and Stores in India and China, from 1730 to 1745, corresponding years, in order to shew what the returns fell short of the disputes, or disturbances, in India with the native Princes, and when the commerce.

<p>From March 1732 to March 1747. 15 years.</p>	<p>By the amount of investments <i>imported into England from India and China</i> in the fifteen years, reckoning from the arrivals in 1732 down to those that came home in 1746; these, according to the invoices, came to .....</p>	<p>£11,334,528</p>
	<p>By balance, being the amount which India and China returned to England short of the sums furnished and disbursed by England for the support of the several Settlements, including the profits on the outward trade, amounting to .....</p>	<p>1,818,440</p>
		<p>£13,152,968</p>
	<p><i>Note.</i> — The 1,818,440<i>l.</i>, the balance above, shews the amount expended in the space of fifteen years, for the maintenance of the Company's settlements in India, more than the revenues collected in the several presidencies produced during that term; equal, on the general average, to 121,229<i>l.</i> a year.</p>	

(B)

A STATEMENT made to show the Sums expended in India, from the Trade, in the space of Fifteen Years, from 1751 to 1766, to support the demands of those Fifteen Years' warfare, with the Sums expended commercial.

From Sept. 1749, to Sept. 1764, 15 Years.	<p>To the cost in England of the goods, stores and bullion, <i>sent to India and China</i>, the amount paid for bills of exchange drawn on the Directors, and the expenses incurred for raising and transporting troops, and some other disbursements not relating to commerce. These several articles, including the profit, amounting to about 1,500,000<i>l.</i>, arising from the sale of Europe goods and stores abroad, came to, in fifteen years ....</p>	£19,051,071
		<hr/> <p>£19,051,071</p> <hr/>

The average amount of the expences incurred in the fifteen from the Treasury in England, and from the profits of for the fifteen years, to .....

From whence, deducting 121,229*l.* for each year, being the its Outward Trade, which, for the fifteen years, came to

Which remainder shows the amount expended to carry on the territorial acquisitions were acquired, and that sum, to be reimbursed to the proprietors, before any claim

Treasury in England, and from the Profits arising from the Outward the War carried on in India, against the Native Princes, by comparing in the above Fifteen Years, when the Company's concerns were merely

From March 1751, to March 1766, 15 Years.	By the amount <i>returned to England</i> from India and China in goods, in the space of fifteen years, reckoning from the cargoes <i>which arrived in 1751</i> , to those <i>which arrived in 1765</i> , inclusive; these several investments were invoiced at .....	12,043,745	
	Add to this the sums paid in different years by government in lieu of forces withdrawn from India .....	119,202	
			12,162,947
	By balance, <del>being</del> the amount which India and China <i>returned to England</i> , short of the sums furnished and disbursed by England for the support of the several Settlements, including the profit arising from the sale of Europe goods and stores abroad, came to, for the fifteen years .....		6,888,124
			<u>£19,051,071</u>

years, more than the amount of the revenues, and taken the Outward Trade, came to 459,000 <i>l.</i> for each year, equal .....	6,888,124
annual amount of the commercial drain on England, and .....	1,888,440
	<u>The Remainder</u> <u>£5,069,684</u>

the wars against the Native Princes, and from the success of which wars having been evidently supplied from the credit of the trade, ought surely of participation had been admitted on the part of the state.

(C)

## A STATEMENT to shew the Amount realized in England.

From Sept. 1764 to Sept. 1778. 14 years.	<p>To the cost in England of the goods, stores, and bullion <i>sent to India and China</i>, with the expence of raising and transporting troops for the defence of territories, with other charges (not relating to commerce) paid here, from the season 1764 to the season 1777, both included: these several heads came to .....£9,990,439</p> <p>The bills of exchange drawn from India and China on the Directors, from the season 1765 to the season 1778, both inclusive ..... 6,996,015</p> <p>The profits arising in fourteen years from the sale of Europe goods and stores abroad the last year, by estimate, and applied to the purchase of the investments for Europe 1,140,424</p>	<p>18,126,878</p>
	<p>Balance, being what the above articles are short of the amount of the investments, and is therefore the sum realized in England from the revenues .....</p>	<p>3,622,969</p>
		<p><u>£21,749,847</u></p>

on the Territories and Revenues obtained in India.

From arch 1766 to arch 1780 14 years.	<p>By the amount <i>returned</i> to England from India and China, in the space of fourteen years, reckoning from the <i>arrivals</i> in 1766, to the <i>arrivals</i> in 1779, both included; these several investments, according to their invoices, cost the sum of .....£21,721,654</p> <p>Received in the season 1775 of Government, and on account of the Manilhas ..... 28,193</p>	21,749,847
	<p>The above fourteen years' <i>imports</i> were brought to market and sold in fourteen years and a half, or to their full amount.</p>	
		£21,749,847
	<p>N.B. The sum of 3,662,969<i>l.</i> realized from the <i>revenues</i> in fourteen years and a half, is nearly equal to <math>7\frac{1}{8}</math> per cent. per annum on the capital.</p>	



## CHAPTER III.

FROM 1765 TO 1793.

THE Company's acquisition of the Dewanny of Bengal, Bahar, and Orissa, and the manner of its attainment, having been adverted to in former pages, the object of this treatise only requires of us to notice that this would seem to be the proper commencement of the Company's political character in the East — of their existence as an independent political state, altogether distinct from their commercial calling.

This distinction is remarkably exemplified in the intercourse of the Company's servants in Bengal with neighbouring native powers. Previous to the acquisition of the Dewannee, they are simply addressed as the “English Company, the noblest of merchants,” or “the glory and ornament of trade:” but in the Dewannee grant, and in subsequent documents, a different style is adopted, and they are addressed by the Mogul emperor himself as “the high and mighty, the noblest of exalted

“ nobles, the chief of illustrious warriors, our  
 “ faithful servants and sincere well-wishers,  
 “ worthy of our royal favours — the English  
 “ Company.”

Previous to this epoch, both their objects and pursuits were purely commercial ;\* even their contests in India<sup>a</sup> with the Dutch and French companies were, as we have seen, but the struggles of commercial rivals, for actual existence, and to maintain a commanding influence, if not exclusive possession, of the Indian trade. On the other hand, the Company had now to exercise the functions of a virtual sovereignty ; but it was a sovereignty unnaturally leagued with commerce. The idea of separation was but little, if at all, entertained in the highest quarters ; whilst the advocates of monopoly, fondly attached to old habits, and still cherishing hopes of il-

\* This was also the opinion of the Company's servants themselves ; for which the reader may be referred to Mr. Verelst's letter of 16th December 1769, in which he describes their transition from the state of humble merchants, before the grant, “ whose utmost ambition was the credit of a good bargain,” to that of “ masters and administrators of a legislative authority,” after the grant ; “ with power to plan, direct, and “ inspire every measure of government, whether with regard “ to foreign treaties, or domestic regulations, &c.” — Ver. App. p. 121.—Vide also Bruce's Plans for British India, p. 35.

limitable gain, clamoured then, as now, for the indispensable necessity of uniting power and commerce in the same hands, to govern a country so distant, and a people so opposed in genius and habits to the rest of the human race.

When advice of the Dewannee grant first reached England, the most extravagant expectations of its advantages were entertained by the proprietors of Indian stock, and by the public at large. His Majesty's Government even were infected with the same conceits; and at first demanded the revenues of these fertile countries for the crown. To meet the expectations of Government, a strong party of Proprietors in Leadenhall Street proposed that, out of the surplus receipts from Bengal, 900,000*l.* per annum should be paid into the exchequer, and the proprietors be allowed a dividend of 14 per cent. for fifty years. On another occasion they are said to have conceived that a dividend of 50 per cent. was less than might be expected from the value of their present possessions.

The views of the Court of Directors, however, were more moderate, and just. The dividend to proprietors had stood at 6 per cent. from the year 1755 to 1766. The Directors now proposed to raise the dividend to

12½ per cent. ; to apply one half of the remaining surplus to the payment of the Company's debts, and the other half to be paid into the exchequer.\* This proposition was at first approved by the Chancellor of the Exchequer, and a negotiation proceeded on this basis. Meanwhile, a Court of Proprietors had already voted an addition of 4 per cent. to the annual dividend. This proposal of the Court of Directors for dividing 12½ per cent. was objected to in parliament; and a bill introduced to restrain the proprietors from such dividend for one year. Further negotiations and intrigues between the party of proprietors and the minister were the immediate consequence; and the Chancellor, turning tail on the Directors, now demanded a fixed annual payment of 400,000*l.*, with a total indemnification of 1*s.* per pound duty on black tea, amounting to about 200,000*l.* more. This the Directors refused; but through the influence of the party it was carried in a general Court of Proprietors. The party, however, were in the end wofully disappointed; for, on the debate of this motion in parliament, the payments to be made by the Company into the exchequer were acceded to,

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\* Verelst, p. 77.

but the restraining bill on the proprietors' dividend was carried against the minister, who was left on this question in the minority.

After a long, though vain, opposition on the part of the Directors, the arrangement with Government for paying 400,000*l.* per annum was completed, and agreed to be extended to seven years.\*

But the proprietors had already secured to themselves, by a vote of the General Court, a dividend of 10 per cent. To meet this and the other demands on their treasury, the Directors, encumbered too as they now were with a heavy load of debt (*p.* 494.), had no resource left but to apply the funds of their sovereignty in aid of their commerce. The investments of goods from India were accordingly ordered to be increased from 350,000*l.* to 800,000*l.* per annum; and as the Company's necessities in England prevented their sending out the usual supplies of bullion to China, these supplies, to the extent at

\* The 7th Geo. 3. cap. 56, provides the indemnification to Government for the duty they gave up of 1*s.* per pound on black tea; and the 7th Geo. 3. cap. 57, and the 9th Geo. 3. cap. 24, for the annual payment of 400,000*l.* to Government, which appears to have been only continued for five years.

this time of 300,000*l.* per annum, were also furnished from the surplus revenue of Bengal.

According to Mr. Verelst,\* Bengal was thus drained, in the five years succeeding the Dewannee grant, of

“ Supplies of bullion to the other	
“ settlements . . . . .	£1,284,008
“ Goods, stores, bills, &c. to do. .	620,337
“ And cargoes on our European	
“ ships . . . . .	3,037,266
<hr/>	
“ Total 4,941,611”	

A table is subjoined, by Mr. Verelst, of the revenues and charges of Bengal for the five years in question ; whence there appears a net surplus of revenue, in the same period, of 4,226,155*l.*, which may therefore be taken to be the amount supplied by territory to commerce within the period ; since it corresponds very nearly with the preceding sum, after deducting the goods and stores which may

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\* Ver. State of Bengal, p. 81, 85. Mr. Verelst was long a distinguished servant on the Bengal establishment, and was president and governor of Bengal and its dependencies from the beginning of 1767 to the end of 1769.

have been furnished for other than commercial purposes.

The pressing necessities of the Company at home, and the eager demands of the parliament, and proprietors, occasioned fresh orders being now sent every year from England to encrease the Company's investments ; and as the commercial supplies from Europe, instead of encreasing with these encreased wants, had considerably diminished subsequent to the Dewannee grant, more especially in the article of bullion, (for many years of the period now under review not an ounce was exported to India or China, and in many other years only small sums\*) the difference, or additional demand, was of course made up by means of supplies from territorial funds ; as an example of which Mr. Verelst mentions the " investment of 1771 from Bengal amounting in " goods alone to 768,500*l.* *having been wholly* " *purchased with the revenue of the country, and* " *without importing a single ounce of silver.*" \*

In consequence of these heavy drains, as well from territorial funds, as from the current specie of the country, great and universal dis-

\* Vide Moreau's tables — Rise and Progress of Company's Trade.

† Ver. State of Bengal, p. 85.

treasury prevailed. In addition to these demands, the Company had prohibited their Indian governments from drawing bills on England against the investment supplied; their pressing necessities at home requiring them to be furnished with these investments *free*, or as nearly so as possible\* out of the revenues of India. The Company's servants, and others, requiring bills on England were thus driven to seek remittances through foreign channels. They consequently advanced their funds to the agents of the French and Dutch Companies, who were thus relieved, pro tanto, from the necessity of exporting to India their usual amounts of bullion. Whilst the drain therefore on Bengal continued uninterruptedly, the usual influx was materially checked; insomuch that Mr. Verelst computes, from both these causes, including the tribute money remitted to the Mogul Emperor at Alahabad, and the specie carried off on the

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\* Ver. State of Bengal, p. 87, and App. p. 10. The Directors' orders were to pass no bills on them at a higher exchange than 2s. the current rupee; and since the par of exchange at this time was considered 2s. 3d., and that good bills were procurable from foreign companies at 2s. 4d., or higher, it is obvious that the Court of Directors' orders operated as a prohibition to remittance through the Company's treasury.—Ver. App. p. 119.



flight of Meer Cossim,\* that no less than 13,000,000*l.* sterling was drained, in twelve years from 1757, from the silver currency of Bengal.

During this period, and for many years subsequent to the Dewannee grant, the complaints of the Bengal government to the Court of Directors as to the drains of specie were incessant, but vain. Large and *free* investments from India and China were indispensably necessary to defray the heavy demands on the Company at home. The drain continued ; an attempt to remedy the evil by the introduction of a gold coinage completely failed, owing to the adoption of an erroneous principle in the value of the gold ; industry became paralyzed ; the internal commerce of the country greatly impeded ; the difficulties of providing the Company's investments, for which silver was indispensable, alarmingly multiplied ; and to crown all, the Company's necessities, out of which these evils sprung, are absolutely represented *to be the sole cause of our continuing the Mussulman system of government in the Bengal provinces ;* and thereby perpetuating

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\* Ver. State of Bengal, p. 86. Mr. Verelst estimates the treasure carried off by Meer Cossim on this occasion at five crores of rupees, or upwards of five millions sterling. — App. p. 111 and 116.

those abuses and oppressions which had grown up to a fearful height under the administration of successive Subahdars.\*

Though all these evils are painted in glowing colours by Mr. Verelst, one of the ablest of the Company's servants in those days, he saw not their real root; but continued as prepossessed as ever in favor of the blessings of that "happy form of government" which so conveniently united power and commerce in the same hands.

The official records of the period now re-

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\* Ver. State of Bengal, p. 81, 84, where he adds — "The too eager desire of parliament and the proprietors of India stock to derive immoderate advantage from the acquisitions of the Company gave birth to many evils which a wiser policy, and more temperate conduct at home, might have prevented. It has already been remarked that *this cause precluded all innovation in the management of the revenues, perpetuating those abuses which, derived from a remote antiquity, had grown to an enormous size under the government of successive Subahdars.* Ruinous as these were to the industry of the natives, the impatient demand upon Bengal, as an inexhaustible mine of wealth, super-added many other causes of decline to those which already oppressed the laborious inhabitants. *Each year brought orders from Europe to enlarge the Company's investments, while complaints were at the same time received of the increasing price of manufactures, which a competition between the French, Dutch, and English necessarily occasioned.*"

viewed abound with proofs of the preceding facts. The Dewanny was granted in August, 1765; and on the 30th September following, the Select Committee in Bengal (Par. 23 and 29) informed the Court of Directors, that they had “now become the sovereigns of a rich and potent kingdom,” with “resources sufficient to defray your civil and military charges, and to furnish your investments.”\*

On the 30th January, 1766, the Select Committee report the measures they had adopted for dispatching 300,000*l.* from the revenue collections to Canton for the China investment; adding in this letter, “Notwithstanding these immense revenues, of which the Company is actually possessed, we must earnestly request your serious attention to the consequences of our impoverishing the country by such annual exports of treasure to China. We must also recommend that you devise some method of enabling your servants, and the inhabitants of the settlement, to remit their own fortune, and the effects of deceased persons in their hands by some other channel than that of bills on France and Holland. You are now in a situation which

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\* Ver. App. p. 9, 10.

“ will never require your receiving private  
 “ effects into the treasury to be able to com-  
 “ plete your own investment. Your collec-  
 “ tions are adequate to every purpose and  
 “ demand which we can foresee. The Go-  
 “ vernor in Council could not, therefore, with  
 “ any propriety, subject you to the inconve-  
 “ nience of answering bills to the amount of  
 “ 40 or 50 lacs (500,000*l.* or 625,000*l.*) merely  
 “ for the benefit of your servants, and suffer  
 “ your own money to lie dead and unappro-  
 “ priated in the treasury. Indeed we were  
 “ particularly cautious of drawing largely for  
 “ this year, in order that you might be able  
 “ to discharge your more immediate and  
 “ pressing engagements at home.”\*

Again in December, 1766, the Select Com-  
 mittee in Bengal write as follows:—“ *The large*  
 “ *investments which we are now enabled to send*  
 “ *home, by means of the supplies we remit to*  
 “ *China, and the cargoes from hence, render*  
 “ *the revenues of this country an object of the*  
 “ *utmost importance, not only to the Com-*  
 “ *pany, but to the British nation. As these*  
 “ *are the only means we can at present devise,*  
 “ *whereby you can enjoy the full fruits of His*  
 “ *Majesty’s royal grant of the Dewanny, we*  
 “ *shall continue to exert our utmost endeavours*

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\* Ver. App. p. 16.

“ to extend the investment every year ; and we  
 “ propose continuing to supply the China mar-  
 “ ket with money, until your prohibition to the  
 “ contrary shall arrive, or advice from the  
 “ supercargoes that they have a superfluity in  
 “ their hands. Inconveniences will undoubt-  
 “ edly attend this annual exportation of trea-  
 “ sure ; but when we reflect on the great ad-  
 “ dition already made to the current specie of  
 “ the country by the gold coinage, and likewise  
 “ that even should your sales fall, yet will every  
 “ increase of your investment prove so much  
 “ actual money remitted to your coffers, we are  
 “ inclined to think this the most eligible sys-  
 “ tem that can be pursued at present. We are  
 “ further to consider THAT, WHILE FOREIGN  
 “ NATIONS ARE PROVIDING THEIR INVEST-  
 “ MENTS WITH MONEY BORROWED AT A HIGH  
 “ PREMIUM, YOU ARE ONLY SENDING HOME  
 “ IN GOODS THE SURPLUS OF AN IMMENSE  
 “ REVENUE, WHICH MAY TRULY BE REGARD-  
 “ ED AS SO MUCH CLEAR GAIN TO THE COM-  
 “ PANY AND TO THE NATION.”\*

There are several other official letters in Mr.  
 Verelst's Appendix, addressed to the Court of  
 Directors from 1766 to 1769 inclusive, by the  
 Select Committee in Bengal, bearing strongly  
 on all the facts above-mentioned ; and particu-

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\* Ver. App. p. 38.

larly complaining of the injuries and inconveniencies of thus draining the country, from year to year, of its currency and funds. The reader may refer to them from the subjoined notes,\* as well as to a further series from Mr. Verelst himself, after he had succeeded to the head of the government; in which the same facts and complaints are reiterated; increase of investments constantly dwelt upon as the main advantage to be derived from the large revenues of their late acquisition; supplies of bullion from Europe being no longer necessary; and stating, in March 1768, that, whilst the orders from home had required investments to be provided to the extent of 1,350,000*l.*, cargoes had been furnished, in the season then closed, to the extent of 713,812*l.*, besides the usual supply of 300,000*l.*† to China; and adding, in September following, that for the season of 1768-9, goods were

\* Ver. App. p. 40, 42, 44, 47, 58, 59, 60, 62, 65, 66, 69, 74, 75, 82, 83, 84, 85, 86, 87, 90, 96, 97—99, 100, 107, 114, 116, 119.

† In Bruce's Historical View of Plans, &c. for British India, p. 298, he gives as the average per annum of remittances from India to China for four years, from 1765 to 1769, as follows---

Bullion .....	£246,815
Bills and goods .....	47,422
	<hr/>
	294,237

in preparation “ to the value of one complete  
“ million sterling.”

The celebrated Warren Hastings succeeded to the government of Bengal in 1772; and continued to administer its affairs until 1785. He has left a small tract containing a review of the state of Bengal during his government; in which he states, among other matters, that in 1784 and 1785, investments had been furnished, from the revenues, to the amount of 1 Crore of Rupees (1,125,000*l.* at the exchange of those days);\* that during the preceding five years of war with the Mahrattas, Hyder Ally, and the French, or from 1778 to 1783, the revenues of India, with inconsiderable aid from loans, besides providing for the expenses of that war, with all other charges, had enabled the government to “ supply the China trade with yearly remittances, and to make richer investments for England than were ever purchased in the same space of time under any preceding administration;” adding, that as the revenues of Bengal had greatly increased in his time, they were then sufficient (provided the other Presidencies were not allowed to indulge in speculative plans of increasing

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\* Hastings' Review, p. 12. 14.

+ *lb.* p. 20.

their investments, or a lavish waste of their treasure) after defraying all charges of government, and all expenses of its civil and military establishments, *to yield regularly an annual tribute of one Crore of Rupees (1,125,000*l.*) to the Company to be remitted through the medium of their trade.\**

A part of Mr. Hastings' tract relates to the prohibition by the Court of Directors against drafts being passed on them, in favour of their own servants wanting remittances to England. These drafts continuing to be prohibited, or only allowed at too low a rate of exchange to be availed of, Mr. Hastings reasons at some length on the hardship of the restriction, as well as its impolicy; inasmuch as its effect was to facilitate the trade of rival companies by means of funds actually furnished to them from our own local resources; and thereby to reduce profits, by enabling such rivals to sell Indian commodities at lower rates in the European

\* Hastings' Review, p. 32. Mr. Hastings states the revenue of Bengal in his time to be  $5\frac{1}{2}$  crores of rupees, or upwards of  $5\frac{1}{2}$  million sterling. Whether this be gross, or net, revenue is not stated; but in Mr. Verelst's time the gross revenue from 1766 to 1769 was not more than  $3\frac{1}{4}$  crores, or the net revenue more than about 2 crores (3,635,000*l.* and 2,324,000*l.*)



market.\* But the chief point of our present discussion is fully admitted by Mr. Hastings, as it was by his predecessors. He not only speaks of the large advances made from revenue in aid of the Company's commerce, but declares unreservedly *that these supplies have alone supported it.* (p. 36.) In another part he observes, "Although we have so long been in possession of the sovereignty of Bengal, and *have provided our investments, not as the returns of commerce, but as the means of remitting the surplus of the revenues of the country;* yet we have not been able so far to change our ideas, with our situation, as to quit the contracted views of monopolists for objects tending to promote the prosperity of those territories from which we derive so valuable a tribute."

Again he says, "THE COMPANY STILL RECEIVE THE GREATEST PART OF THEIR INVESTMENT VIRTUALLY FOR NOTHING — NOT AS THE RETURN OF COMMERCE, BUT AS A TRIBUTE."†

Mr. Hastings further states that in 1772, when he took charge of the government, the debt in India bearing interest was about three millions sterling; that, in less than two years afterwards, this debt had been com-

pletely discharged ;\* that when he left Bengal it had again accumulated to about three millions ; but he treats the amount as insignificant ; scarcely exceeding, he says, half the annual revenue ; and that with the continuance of peace for two years, this debt would also be cleared off.†

A voluminous collection of official documents relating to the political and commercial transactions of this period in India, will be found in the Appendices to the several Reports of the Committee of the House of Commons, and of the Committee of Secrecy in the year 1772 and 1773, and many of them fully confirmatory of the preceding facts.

Not to load this treatise with unnecessary quotations, or to multiply references, I shall content myself with the relation of one remarkable occurrence at this period, as strikingly corroborative of the position here affirmed.

In consequence of continued remonstrances, by the Indian government, on the difficulties of remittance to England through the Company's treasury, the facilities thereby granted

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\* This is also confirmed by Bruce in his *Historical View of Plans, &c. for British India*, p. 323.

† Hastings' Review, p. 20, 21. Mill states the whole of the Indian debt, at the close of Mr. Hastings' administration in 1785, to be upwards of ten millions sterling.—Vol. ii. p. 675. See also *No. 3.* of tables annexed to *Chap. IV.*

to rival foreign Companies, the injury sustained by the country in the exhaustion of its silver currency, and the low state of the Bengal treasury from constant drains to supply large investments, and now to support a disastrous war in the Carnatic, the Court of Directors, in their letters of 11th Nov. 1768 and 17th March 1769, authorize bills to be drawn on them, for the ensuing season, to the amount altogether, as stated by the Committee of Secrecy, of 212,789*l*.; and by subsequent instructions of the 30th June 1769, to the amount of 228,557*l*. in subsequent seasons. These bills were required to be drawn at 365 days after sight, and 2*s*. 2½*d*. and 2*s*. 3*d*. the current rupee, and without interest in the event of payment being delayed.

In the first of the preceding instructions to Bengal, the Court of Directors observe that  
 “ they cannot suffer themselves to be drawn  
 “ upon to an unlimited amount, the state of  
 “ the Company’s affairs in England not yet  
 “ admitting them to answer large drafts upon  
 “ them from India; but that should the ex-  
 “ gencies of affairs abroad require the govern-  
 “ ment to receive money into their treasury,  
 “ they (the Directors) prefer the mode of bor-  
 “ rowing at interest, to that of granting bills  
 “ upon them, and therefore permit the govern-

“ ment to take up such sums at interest, for  
 “ one year certain, as would answer their  
 “ various demands, which were to be paid off  
 “ at the expiration of that period, or as soon  
 “ after as the state of their treasury would  
 “ admit.”\*

And in their letter of March 1769 the Court of Directors write — “ Upon reconsidering the  
 “ subject, of remittance, we find it so con-  
 “ nected with that of investment, that the in-  
 “ crease of the former must always depend  
 “ upon that of the latter, the *produce of our*  
 “ *sales here is the only channel of our receipts;*  
 “ *and our flourishing situation in India would*  
 “ *not avail us, if we were to suffer ourselves to be*  
 “ *drawn upon to the amount of the cost of our*  
 “ *homeward cargoes.*”†

The orders of Nov. 1768, and March 1769, were received in Calcutta on or before the 9th Oct. 1769; and the orders of June 1769 were received in Jan. 1770. At this time the two governments of Bengal and Madras were con-  
 cocting a project to accumulate a fund of one crore of Rupees in cash (1,125,000*l.*) to be in-  
 tangible in all ordinary times, and to serve as  
 a resource in the perils of hostile invasion;  
 such, for instance, as the ravages, and total

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\* 8th Rep. Com. Sec. vol. iv. p. 359.

† Ib. vol. iv. p. 367.

stoppage of territorial supplies, occasioned by Hyder Ally's visit to the Carnatic in 1768 (*vide Vol. I. p. 419.*)

In prosecution of this scheme, and to deprive rival companies of the supplies they had hitherto been receiving from the Company's servants, and others, desiring remittance to Europe, the Bengal government determined, on receipt of the abovementioned orders from the Court of Directors in October 1769, to open their treasury for bills; and in the year 1770 they accordingly drew bills on the court, not for either of the authorized limited sums above specified, viz. 212,789*l.* or 228,557*l.*, but for the large sum at once of 1,063,067*l.*

Neither were these bills drawn on the terms prescribed by the Court; but one portion at 365 days sight, another at 730 days, and a third at 1095 days, at 2*s.* 2½*d.* and 2*s.* 3*d.* the current rupee; but all to bear interest at 3 per cent. per annum after the first 90 days. These bills, being presented in 1771, would, of course, fall due in 1772-3 and 4.

That government might accumulate the more readily their proposed protective fund of 1 crore of rupees, they also determined to limit the investment of that year, and of some future seasons, to 45 lacs of rupees (562,500*l.*)

not much more than one half of former amounts.

When intelligence of these proceedings reached the Court of Directors, it came like a messenger of death, as if to seal their future doom. The prospect of curtailing their investments, or, worse than all, of making them pay for the goods they received, was to them an omen of impending annihilation. Without *free* investments, ruin and bankruptcy stared them full in view; and against such unheard of atrocity, the Court immediately raised the voice of their utmost indignation and displeasure.\* Among other letters referred to on this momentous affair, the Committee of Secrecy quote one (p. 361.) of the 23d March, 1770, addressed to both the Presidencies of Fort William and Fort St. George. In these letters the directors (it is stated) observe, “That however salutary it may be to have a view to remote events, and to provide for future exigencies, *after their investments shall have been carried to the extent requisite for the Company’s immediate occasions*, yet in how unfavourable a light must appear the intention of their servants to guard against re-

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\* 8 Rep. Sec. Com. p. 368.

“ mote and uncertain evils abroad, by *leaving*  
 “ *the Company to sink under absolute and pre-*  
 “ *sent distresses at home.* They then state,  
 “ (the committee add) the many demands  
 “ they have upon them at home, and express  
 “ the utmost astonishment to see their ser-  
 “ vants entertain the idea of *reducing their*  
 “ *investments without absolute necessity, and*  
 “ *thereby depriving them of the only means they*  
 “ *have to answer such demands.* They then  
 “ express their hopes that, upon more ma-  
 “ ture deliberation, their servants will lay  
 “ aside so *destructive a design*; yet they say  
 “ the *view of it is so alarming* as to make it  
 “ necessary for them to declare their peremp-  
 “ tory prohibition of such a measure. They  
 “ tell them that *every other consideration is to*  
 “ *give place to the essential and primary ob-*  
 “ *jects of their investments*; admitting that  
 “ their next concern would be to have a  
 “ large balance remaining in their treasury;  
 “ but declaring their expectation that the  
 “ revenue of each presidency ought to afford  
 “ a surplus for the establishment of a fund  
 “ against emergencies. And they conclude  
 “ with positive injunctions that their servants  
 “ do not at any time engage in plans of so  
 “ important a nature without their knowledge  
 “ and concurrence, as it behoves their ser-

“ wants to concert with them only such systems as *materially affect the very being of the Company.*”

The same disobedience of the Company's orders occurred on this occasion, both at Madras and Bombay ; but the amounts, being trifling compared with the Bengal drafts, are hardly worth noticing. At Madras, the government were authorized to draw 30,000*l.*, and their drafts amounted to 71,555*l.* ; and at Bombay the government were authorized to draw 50,000*l.*, while their drafts amounted to 168,468*l.* ; and both governments equally transgressed, as well in regard to the exchange, and sight, of the bills drawn, as to interest being charged thereon after ninety days.

But another remarkable feature in this case is, that after the Bengal government had determined to pass these large drafts on the Court of Directors, to enable the Court to meet the same, they resolved, in October, 1770, to encrease the investment of the season from 60 lacs (675,000*l.*) to 76 lacs, or 950,000*l.* ; and to purchase the difference with bonds for one year certain, bearing an interest of 8 per cent. The goods thus purchased were termed “ Ready money goods.” They proved to be of very inferior quality,



and sold with great difficulty, and at considerable loss. Still they served to encrease the consignments of the year, which, as per Appendix 11. of the 8th Report, consisted as follows —

Goods provided at the Aurungs (commercial factories) . . . .	£615,033
Purchased for ready money (i. e. bonds) . . . . .	289,829
	<hr/>
Total .	£904,853

But the apportionment of the 76 lacs above-mentioned, by the Bengal government, is the circumstance most deserving of notice here. One portion of this amount was intended to meet the demand of His Majesty's government on the Company of 400,000*l.*; another to meet the first set of bills falling due; and the third for "*the annual provision of exports to this presidency,*" which three articles are accordingly estimated as follows :

" From government . . . . .	37 Lacs.
" For the first payments of bills falling due . . . . .	25 Do.
" <i>For the provision of exports for this Presidency . . . . .</i>	14 Do.

Total 76 Lacs.\*

\* 8th Rep. Com. See vol. iv. p. 367.

Although the Court of Directors, in the letters quoted and referred to in this report, had abundantly expressed their “surprise, indignation, displeasure, and resentment” at the bills thus drawn on them by their government abroad, and the pecuniary difficulties and distress it would subject them to at home, they nevertheless determined, after receiving advice of the bills drawn, to continue the half year’s dividend to proprietors, ending Christmas, 1770, at the rate of 12 per cent. per annum, and afterwards to raise it for 1771 (subsequently continued to Midsummer 1772) to 12½ per cent.

These dividends were payable at Midsummer in each year. Previous to their declaration, two estimates of cash were framed at the India House, the one from 15th Feb. to 5th Aug. 1771, shewing a balance in favour of . . . . . £221,477

And the other from 1st March to

1st August, 1772, shewing a balance . . . . . \*

balance in favour of . . . . . 102,842

Total for both years    £324,319

But these estimates were purposely framed on each occasion to shut out large payments *falling due in August and September*, to meet

which *no receipts were expected or could be received* :\* viz.

In August and Sept. 1771 . . . £394,217

And in Do. Do. 1772 . . . 559,846

Total £954,063

So that on this shewing there was an actual deficiency of 629,744*l.*, besides a debt due to the bank, called the “Old bullion debt” of 250,000*l.*

On minute examination of these estimates, the Secret Committee observed several inaccurate entries and omissions, obviously intended to bring out a favourable balance, which would otherwise be unfavourable ; and if the same were corrected pursuant to the committee’s remarks, the real deficiency in 1772, instead of the sum above noted, would have been upwards of one million sterling.

The day of reckoning, however, was at hand. Delusion could not long delay it. In July, 1772, it was discovered that, to meet

\* After the month of July in each year, the Company had no receipts to expect until the incoming proceeds of their regular September sales.

For the particulars of this statement, vide Com. Report, p. 377, 378. 391.

payments due in that month, and to the end of October, the Company's cash would be deficient to the amount of 1,293,000*l.* On this alarming discovery, application was made to the bank for a loan of 400,000*l.* and granted ; then for 300,000*l.*, but only 200,000*l.* granted ; and finally, an application to the Prime Minister for one million sterling, to aid "in carrying on the circulation (as it was called) " of the Company's affairs."\* The Company obtained on this occasion a loan from government of 1,400,000*l.* in exchequer bills, at 4 per cent. per annum, with a remission of the 400,000*l.* per annum from the territorial revenues until the debt should be discharged.

So disastrous an exposé of the Company's affairs caused stock to fall from about 220 to 165, 140, and 139, in 1772-3 and 4 ; from which it recovered but slowly down to 1793, and with considerable fluctuation in the interim ; it being as low as 119 and 118 in 1783 and 4. Dividends also sunk immediately to 6 per cent. from Midsummer 1772, and continued to Midsummer 1776. They then rose for a

\* 8th Rep. Com. Sec. vol. iv. p. 399, 400. The whole of the 8th Rep. is occupied with this important subject, and may be referred to for complete information of all the particulars above given.

year and a half to 7 per cent., on the above-mentioned debt to government being paid off; and afterwards to 8 per cent. from Christmas 1777 to Christmas 1792.

From the preceding series of important facts, we are led to the following conclusions : —

First : It is certified by the highest authority, that *free* investments, to be furnished from the revenues of India, were at this time an object with the Company, *to which every other, be it what it might, must give place ; the receipt of large investments from India, to COST NOTHING, being indispensable to the Company as a commercial body.*

Secondly : That the Bengal Government, after the acquisition of the Dewanny, were, it appears, in the habit of regulating their investments, so as not only to defray all demands in England, but also to *provide an adequate fund annually for the return of exports from Britain to India ;* thereby confirming the declaration of Mr. Warren Hastings, that the Bengal revenues were the *sole* support of the Company's trade.

Thirdly : That there were at this time no political charges payable in England, unless the 400,000*l.* per annum to government for a short period (only five years of it paid),

and a few military stores, be so considered; but these would only weigh a feather in the scale against the many millions of revenue supplied, and supplying, by territory to commerce, and for which the latter ought to be debited on every fair principle of accounting, as a regular loan, or *bonâ fide* commercial debt.

How vain, then, must be the pretence of those, who still contend that, even in these days, territory was largely indebted to commerce. We have irrefragable proof of the reverse—the unequivocal avowal of those most interested in the question, that uninterrupted supplies from revenue were the only prop of this crumbling fabric—that revenue now supplied the very sinews of the Company's trade; and that to call on commerce for payment, even of a portion of the goods she dealt in, was to alarm her with the dread of utter ruin.

We must therefore conclude—and indeed it seems the only rational conclusion—that, after passing the act 7 Geo. 1. c. 3. (*p.* 462.) whereby the Company were authorized to borrow money, *but solely for the purpose of their trade*, to the extent of five millions, this constituted their only trading capital, until it became ex-

hausted, or absorbed in losses, wasteful expenditure, and the creation of useless dead stock ; that afterwards, they traded on credit, having for several years previous to 1765 a constant floating debt outstanding of upwards of 2 millions sterling ; and that after the Dewannee grant, territory alone supplied every resource, and was actually indispensable to their continued existence.

In 1777 the loan from government of 1,400,000*l*, was finally paid off ; when dividends were raised by agreement to 7 per cent. In 1778 war was declared with France ; and the English in India, being prepared for the event, succeeded in depriving the French of all their possessions in Bengal, and on the coast of Coromandel. This was shortly followed by war with the Mahrattas, in alliance with Hyder Ally, whose terrific ravages in the Carnatic in 1780 have been already noticed (*Vol. I. p. 419.*) This confederacy of Native Princes threatened at one time the extinction of the British name in India : but the timely arrival of Sir Edward Hughes, and Sir Eyre Coote, with fresh forces, turned the tide in our favor, when the Mahratta Princes were gradually withdrawn from the alliance ; and Hyder Ally dying in 1782, the war with his

son Tippoo drew to a close; and peace was re-established on 11th March 1784.

In 1780 notice was given by parliament that the debt of 4,200,000 would be paid off in 1783, and the exclusive privileges of the Company abolished, unless they agreed to pay one million sterling for the renewal. After much discussion this demand was reduced to 600,000*l.*, finally settled at 400,000*l.*; when the act 21st Geo. 3. cap. 65. was passed renewing the Company's charter until 1791, with three years notice; and the usual clauses as to the cessation of their privileges on payment of the debt of 4,200,000*l.* By this act dividends were limited to 8 per cent; and after payment thereof and all charges, three-fourths of the surplus profits, if any, to be paid into the Exchequer; the remaining fourth to be applied to the encrease of dividends, which, however, were never to rise above 12½ per cent.

As large investments continued to be supplied throughout this war—the very “being of the “Company” in England depending thereon—the treasuries abroad were again so drained by investinents, and war charges together, as to compel the Government-general, in December 1780, to inform the Court of Directors that a large reduction, or possibly a total suspension, of their investments must necessarily be sub-



mitted to.\* The Board of Trade at Calcutta were nevertheless authorized in April, 1781, to provide an investment for that year to the amount of 900,000*l.*, by granting “certificates for government bonds” in payment thereof, bearing interest at 8 per cent. per annum, to the extent of 650,000*l.* But the Company’s bonds were already at a discount; and this additional supply to the currency reduced their value still lower. The agents for providing the investment required a larger advance in bonds, than usually given for this purpose in money, by 25 per cent. But the prices of all the goods purchased was considerably raised, when paid for in depreciated certificates or bonds. The fall of the Company’s credit, however, was not the only evil experienced on this occasion; for the net revenue diminished in the same proportion to the additional interest payable on these certificates or bonds; and which, with the continuance of this system, must of necessity annually encrease. The trade on bonds, therefore, soon came to an end.

The Bengal Government next, or in April, 1782, projected a scheme for filling the Com-

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\* Vide 9th Rep. Sel. Com. 1783, and the correspondence referred to in the App. for a history of this transaction.

pany's ships of the season with investments on account, and at the risk, of individuals to the extent of 80 lacs of rupees (900,000*l.*), to be consigned to the Company, whose only benefit from the arrangement was to be a commission on the sales, together with whatever amount of profit might be realized on the sales over and above yielding 2*s.* 3*d.* per rupee to the subscribers. This was turning the Company into mere brokers ; but the project fell to the ground from holding forth to the subscribers, after full investigation, a prospect of no better remittance, all deductions included, than 1*s.* 9*d.* per rupee ; whilst the plan contained nothing in the shape of a provision for return cargoes on account of the Company to India.

A month, however, had scarcely elapsed before the Bengal Government altered their scheme in toto ; and determined that the 80 lac investment should be transported at the risk, and for account, of the Company : the subscribers to receive receipts for their respective advances, or subscriptions, bearing interest at 8 per cent., and to be exchanged for drafts on the Court of Directors — that is, for three-eighths of the amount subscribed payable on 31st Dec. 1782, and for the remaining five-eighths on 31st Dec. 1783, at 2*s.* per rupee.

As might be expected, these extraordinary schemes excited again the highest displeasure of the Court of Directors. Both the one and the other were equally appalling.\* By both they would equally be deprived of the means of paying dividends, interest on loans, and other demands on their 'home treasury; *free investments* being always indispensable to their "being" as a commercial body. It does not appear, however, that these schemes were carried into full effect, or, if they were, that they were of long duration; for, by the returns submitted to parliament, it appears that the Company's investments from India at this time were not diminished below the usual average amount.

In a former chapter (*Ch. II. p. 465.*) a table is given to shew the course of the Com-

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\* The Select Committee of the House of Commons are severe in their comments on these two schemes. Alluding to a considerable loss which appeared at this time on the Bengal trade, and which will be noticed hereafter, they observe: — "If the trade were confined to Bengal, and the Company were to trade on those terms upon a capital borrowed at 8½ per cent. Indian interest, their revenues in that province would soon be so overpowered with debt, that those revenues, instead of supporting the trade, would be totally destroyed by it. *If, on the other hand, the Company traded upon bills, with every advantage, far from being in a condition to divide the smallest per centage, their bankruptcy here would be inevitable.*"—9th Rep. 1783, p. 60.

pany's trade from 1732 to 1766. We have a similar table in Bruce's Historical View of Plans, &c. for British India, which may be considered a continuation of the other. It is as follows \*—

Years.	Paid for bullion exported.	Goods and stores exported.	Bills drawn on the Court of Directors.	Total.	Sale of Goods.
Ten years. From 1767 to 1777 per annum	110,042	489,081	458,768	1,057,891	3,313,386
Seven years. From 1777 to 1784 per annum	5,653	500,089	761,425	1,267,167	3,134,964
Five years. From 1784 to 1790 per annum	617,930	635,145	1,551,985	2,805,060	4,572,466
Three years. From 1790 to 1793 per annum	466,893	935,776	668,366	2,071,035	5,103,094

Mr. Bruce remarks on this table — “ *The large amount paid for bills between 1784 and 1790, which far exceeds the proportion of the other periods, was principally occasioned by the great number of bills drawn from India about the close of the war.*”

In this table, as in the former, the prime cost of the return cargoes from India and China is not given ; but it may be collected from other pages (303, 304, and 313.) ; and as these appear to agree with a table given in Mr. Moreau's work, page 24, we may here state the amount on official authority to be for

\* Bruce's Plans, &c., p. 296.

the abovementioned 26 years . . .	£49,697,708
But the supplies from England to India, as per preceding table, amount only to . . . . .	39,687,484

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Leaving, therefore, a deficiency of 10,010,224 which must have been supplied from territorial funds.

But it may be added, that the above sum of supplies from England contains a large amount of bills on the Court of Directors for political expences, and another for military and naval stores ; and if we consider the number of bills which must have been drawn for political purposes, particularly on account of the war above adverted to by Mr. Bruce, and during the two extraordinary schemes of 1768-9 and 1781-2 and 3, mentioned in this chapter (*page 519, et seq.*), with an allowance also for military stores\* during the prevalence of war, both of which may be moderately estimated at about five millions for the whole period, to be deducted from the sum of commercial supplies, the total deficiency could scarcely be less than fifteen millions sterling, besides the net charge

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\* In Wissett's Compendium we have a table in which the military and naval stores for twelve years of this period are stated separately from the goods exported, and amount to 1,187,432*l*. According to this proportion, the stores for twenty-six years would amount to 2,572,777*l*.

of commercial factories and establishments, &c. &c. abroad; all of which was now defrayed from revenue treasuries.

In 1784 the Board of Commissioners for the affairs of India was first established; and in this year the act 24 Geo. 3. cap. 38. s. 2. commonly called the commutation act, was passed, repealing all existing duties on tea, and substituting a duty of  $12\frac{1}{2}$  per cent. only on the Company's sale prices. In the enquiry which led to this enactment it appeared that, in nine years previous to 1780, 13,198,201 pounds of tea, on an average, were annually imported to the Continent by foreigners; while 5,639,939 pounds only were imported into England by the East India Company. The consumption of tea in England, and on the Continent, was at the same time in the inverse ratio:

That of the British dominions

being . . . . 13,338,140 lbs.

And of the continent of Europe

at most . . . . 5,500,000 lbs.\*

The difference was accordingly smuggled into England; and this was ascribed to our high duties, which in 1722 were 200 per cent; afterwards fluctuated from 69 to 128 per cent.;

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\* This account is taken from Moreau, p. 8. Mr. Bruce p. 301-2, makes the relative amounts somewhat different.

and in 1784 were 119 per cent. The effect of this change was immediately felt in the encreased sales of tea in England; which, from 10,148,257 lbs. in 1784, rose in 1785 to 15,081,737; and in pounds sterling from 1,774,503*l.* to 2,301,165*l.*

On this the Company sent agents to the Continent to buy up all the tea for sale in Europe: and by 1788 the agents had purchased 17,009,877 lbs., costing 2,048,797*l.* sterling.

In consequence, as would appear, of these enlarged operations, the Company were authorized by act 26 Geo. 3. c. 62. to add 800,000*l.* to their capital stock—that is, to *borrow* so much for immediate wants. This was subscribed at the rate of 155 per cent., consequently produced 1,240,000*l.*; and the Company's capital was thus raised to 4,000,000*l.*

The Company's trade continuing to encrease, and with it the usual pressure on their finances, another application was made to parliament, and by act 29 Geo. 3. c. 65, they were authorized to *borrow* one million more, under the specious colour of adding so much to their capital stock, which was subscribed at 174 per cent.; producing, therefore, 1,740,000*l.*, and making the capital 5,000,000*l.*

In 1789-90 war with Tippoo was renewed, and continued till 1792, when he was compelled to cede half his dominions to the Company; and to pay 1,600,000*l.* in money.

Parliament had given notice in 1791 of their intention to pay off the debt of 4,200,000*l.* due by the public to the Company; and in 1793 this was accordingly done by act 33 Geo. 3. c. 47, whereby the same was ingrafted in the 3 per cent. reduced annuities; and this was declared to be a redemption of the debt, except that whatever part the Company retained as their property in their corporate capacity (and which they did so retain to the extent of 1,207,560*l.*\*) should, in the event of their privileges terminating, be repaid to them at par. At this time the minister (Dundas) proclaimed in parliament the

\* By this operation, it will be observed, government did nothing more than transfer the above sum of 4,200,000*l.* to the 3 per cent. reduced annuities, where it still remains in two distinct appropriations, viz.

East India annuities .....	2,992,440
And due to the East India Company..	1,207,560

Total....£4,200,000

The Company were thus relieved of their annuity debt, but nothing else. The old capital of 3,200,000*l.* remained untouched, and therefore a sum for which the Company were still accountable to the subscribers, or stockholders.



existence of a large surplus revenue in India, after paying every description of territorial charge: and in the general distribution of the Company's alleged surplus funds, allotted 10 per cent. on their capital stock as a dividend to proprietors. But notwithstanding this display of apparent prosperity, the Company's home wants were not relieved, and they were again authorized by the same act to *borrow*—that is, to add another million to their capital by subscriptions, which yielded two millions in money, being raised at 200 per cent, on the faith of the future annual dividend being 10 per cent.\*

Part of this money was required to be applied in reducing their bond debt to 1,500,000*l*.

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\* That these additions to capital were in reality nothing more or less than loans to relieve commercial wants is confirmed by Mill, who, alluding to the exaggerated view of the Company's affairs given by Mr. Dundas in 1793, speaks of them in the following terms:—“ Amid all this promise of wealth, the Company was in want of pecuniary assistance, “ and was to receive immediate authority for raising what “ was equivalent to a loan of 2,000,000*l*. It was not, indeed, to be called a loan. The *name* of a loan, associated “ with the idea of poverty, was to be avoided. The Company “ were to be empowered to add 1,000,000*l*. to their capital “ stock, which being subscribed, on the faith of a dividend “ of 10 per cent., at 200 per cent., produced to the Company's treasury a sum of 2,000,000*l*.—Mill, vol. iii. p. 365.

Their capital stock was now 6,000,000*l.*; and by act 33 Geo. 3. c. 52, their exclusive privilege, and territorial possessions, were continued to them until the 1st March, 1814.

Of the capital stock, as it was called, now amounting to 6,000,000*l.*, but for which monies had been paid into the Company's treasury to the amount of 7,780,000*l.*,\* it is important to observe that this sum constituted a real debt, raised at different times, as has been shewn above, to relieve commercial pressure and distresses, and for which the Company were liable to account to the respective subscribers, or holders of the stock. This capital stock, however, is invariably excluded from the lists or statements of the Company's debts. To prove the Company being at this time in a solvent state, it was incumbent on their great advocate, Mr. Dundas, to shew that they were possessed of good realizable assets to discharge

\* The rates at which the Company's capital stock was raised, are as follows: —

1708..	3,200,000	at 87½ per cent.	2,800,000	money advanced
1786..	800,000	„ 155	„ 1,240,000	„
1789..	1,000,000	„ 174	„ 1,740,000	„
1793..	1,000,000	„ 200	„ 2,000,000	„
	£6,000,000		£7,780,000	

this, as well as all other claims. Notwithstanding the captivating display of the prosperity of the Company's affairs given by Mr. Dundas to parliament, the public accounts, presented at the same period, gave a decidedly different result.

The home debts of the Company	
on 30th April, 1793 were .....	£7,991,078
And their assets or credits at their	
own valuation .....	9,740,832
<hr/>	
In favor.....	£1,749,754*
On the 30th April 1792, the debts in	
India amounted to.....	7,992,548
And the assets, .....	3,800,838
<hr/>	
Deficient.....	4,191,710†
<hr/>	
Total balance deficient.....	2,441,956
But the monies subscribed on account of capital	
amounted, as above, to .....	7,780,000
<hr/>	
Making the total deficiency, including capital ..	10,221,956
which there does not appear to have been a fraction of realizable property to meet.	

This is the exposition given in the Third and Fourth Reports of the Select Committee

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\* Vide Fourth Rep. of Sel. Com. House of Commons, 1812, p. 36, and App. 23.

† Vide Third Rep. of Sel. Com. House of Commons, 1812, p. 14, and App. 2; and also Mill's History of India, vol. iii. p. 721.

of the House of Commons, and by Mill, as the general result of the Company's financial affairs in 1792-3, when Mr. Dundas's eloquence persuaded parliament and the public to believe they were in the highest state of progressive prosperity. .

Of the Indian debt we shall have more to say hereafter; but the preceding statement, taken from the most authentic sources, and shewing the Company's commercial concerns to be in a state of utter insolvency, we need no longer be surprised at the frequency of their applications to parliament, as above stated, in 1786, 1789, and 1793, for pecuniary aid. From these documents, indeed, it is but too probable that, on a fair statement of accounts, and with assets justly valued, the Company's commercial capital would be found to have been wholly exhausted — that is, a total loss.

## CHAPTER IV.

REVIEW OF THE COMPANY'S FINANCIAL AFFAIRS FROM  
1761-2 TO 1792-3 INCLUSIVE.

HAVING shortly traced the progress of the East India Company as a commercial body, up to 1793, we must here pause to examine the results of the important events which took place in this period, and the changes which ensued in the Company's commercial operations and views.

Previous to the acquisition of territory in India, the Company's trade was carried on according to the common principles of commerce,—that is—cargoes were sent to India suited to the demands of the market, together with exports of bullion amounting at times to between six and seven hundred thousand pounds in a season ; and Indian commodities of corresponding amount were received in return.

The French, Dutch, and Danish, East India Companies traded to India at this time on the same footing ; and carried out large supplies of bullion. The total export of bullion,

at this time, from Europe to India has been computed to be about 12 or 13 hundred thousand pounds annually.\*

After the acquisition of the Dewanny a total revolution took place in the nature and principles of the trade. As regards the English Company, large and encreasing sums were annually set apart from the revenues to provide homeward cargoes, or investments to England; to supply factories; and to defray various other heads of commercial charge. Bullion, though greatly required, was exported in diminished quantities; or, as in some years, wholly withheld; whilst of goods exported a great part consisted of military and naval stores, the commodities for sale being of little value,† compared with that of the returns.

When, from the extravagant notions entertained in England of the interminable wealth of the Company's new possessions in the East, His Majesty's Government determined to appropriate a share of the revenues, and that

\* 9th Rep. Sel. Com. 1763, p. 54. This is inclusive of annual supplies from the Persian Gulph and Red Sea, amounting, according to Mr. Verelst, to 180,000*l.* in ordinary times, but which had now greatly fallen off.—Ver. p. 81.

† Vide Mill, vol. ii. p. 29; and Wissett's Tables, vol. ii. p. 8, where the stores are stated separately from goods, and form a large proportion of the annual exports.

the proprietors insisted on dividends being raised to 10, and 12 $\frac{1}{2}$ , per cent, whilst the Court of Directors themselves, as was natural enough in such circumstances, were not very particular or economical in their own expenditure, the fixed demands on their home treasury could not be less, but probably more, than one million sterling per annum, which required to be provided for at all events. *Free* investments as we have seen, were consequently indispensable; and the prohibition against drawing bills on the Court of Directors, forcing those who required remittances to Europe to place their funds for this purpose in the hands of foreign companies, these companies were also soon relieved from the necessity of exporting bullion to India; whence it came to pass that, as the funds of the Company's servants, advanced to the foreign companies, were the savings of their official salaries and emoluments, paid out of revenue, the revenues of the Company's possessions were thus, in reality, drained not only for the supply of their own trade, but for that of all the foreign companies trading to India.

So complete a change in the ordinary course of commercial operations could not fail to spread through the community its full share of disorganisation. The channels through

which bullion had, for centuries, flowed into Bengal being dried up by the abrupt stoppage to its influx from abroad, occasioned universal distress; whilst a constant drain of specie from Bengal, to supply the established demands of other countries, very soon created a scarcity, and consequent paralysis; from which all more or less suffered, but none more severely than the principal authors and actors in this calamitous revolution.

Various expedients were attempted to remedy this complication of evil; amongst others, as we have seen, by loans in India, and drawing bills on the Court of Directors; but this was felt by the latter as an intolerable grievance. Pressed by large payments in England, they could not abandon the system of *free* investments; and though the urgent necessities of the Bengal government occasioned a temporary suspension, or rather modification, of the system, it does not appear that free investments were discontinued; for according to reports of different committees of the House of Commons, and to tables laid before Parliament by the Right Hon. H. Dundas, quoted by Moreau and Wissett, and which will be more particularly referred to presently, the cargoes shipped for Europe from India amounted at prime cost to a sum vastly ex-



ceeding that of the supplies from England in the same period ; which surplus, therefore, with the addition of a large commercial expenditure in India and China, could only be furnished from territorial funds.

In these days the aids derived to commerce from territory, and their amount, were never doubted, nor attempted to be concealed. The committee of the House of Commons, the committee of secrecy, and the select committee, the Government of India, and the Court of Directors at home, all speak of the contributions of revenue as the main or only prop of the Company's commerce. "The investment from revenue"—"the investment that costs nothing"—"the investment that takes away without return or payment"—"the investment that has in it no principle of commercial barter—that makes England therefore annually bankrupt to Bengal to the amount nearly of all its dealing"—"the investment from which India has suffered what is tantamount to the plunder of its manufacture and produce to the value of 1,200,000*l.* per annum"—"the investment resting almost wholly on supplies from the territorial revenues"—are epithets commonly applied to the Company's trade in those days, and questioned by none. It is only in modern times

that we hear boasts of the disinterested sacrifices of commerce to relieve, out of overflowing profits, the burthens of her associate sister. But in delusive pretensions to liberality (for the sequel will show that they are delusive) commerce should not lose sight of past obligations to territory, of supplies that were once, and she then acknowledged it, indispensable to her existence; but she has done so. In June 1830 the Company brought forward evidence to prove, or rather to attempt to prove, that, in these very times, commerce had, from her redundant resources, supplied territory with 5,069,684*l.* in the course of 14 years before 1765, which territory did not afterwards repay; and between 1780 and 1793 with 6,829,557*l.* more.

Although this evidence has been sufficiently refuted, as before noticed, in the able examination of Mr. Langton before the Select Committee of the House of Commons in 1831,\* I would beg the reader's attention (in further corroboration of that examination) to the following analysis of one official account of the days in question, to shew how utterly impossible it

\* Vide Minutes of Evidence, July 1831, Ans. 2861, and the remarks on this evidence in *Chapter II. p. 485, et seq.*

was for commerce to furnish a single fraction in aid of any other concern, whilst wanting large and constant extra supplies to discharge pressing demands on her own.

The account referred to is Appendix 24 of the Ninth Report of the Sel. Com. of the House of Commons in 1783, signed by Samuel Nicoll, accountant, and extends from p. 172 to 183. It purports to be an account of profit and loss on goods imported from India and China in the seasons 1776, 1777, 1778, and 1779; and contains the prime cost, and sale amount, of each separate article composing those investments; and the profit or loss on each, after deducting "freight and demurrage, customs, and 5 per cent (only) for charges." In the preparation of this account the Committee profess to have selected these four years to serve as a view of the more general, or uniform, character of the Company's trade; and that the House might see how far it might be continued, or ought to be regulated, if the "revenue investment," as it is called, should cease.\*

This account presents us with some remarkable facts ---

First: It shews that on the investments

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\* 9th Rep. Sel. Com. 1783, vol. vi. p. 60.

from Bengal by far the largest from India, and amounting in these four years to 4,176,525*l.* there was an uniform loss in each season (which the Committee also notice); that on one portion of the goods there was a gain of 186,337*l.*, and on the remainder a loss of 705,566*l.*; therefore a net loss in four years of 519,229*l.* On the consignments from Bombay there was also an uniform loss, with the exception of one year of small gain. On the consignments from Madras, and Bencoolen, small gains in each year. And on those from China the largest gains of all.

This account therefore shews that the Indian trade at this time from Bengal, Madras, Bombay, and Bencoolen, taken together—contrary to the extravagant notions of the British public—*was absolutely a losing concern, particularly that from Bengal;\** in other

\* The account above referred to exhibits the following particulars as to the loss or gain on investments from Bengal, Madras, Bombay, and Bencoolen, and also from China.

#### BENGAL.

1776	Loss on the whole investment	....£ 24,471
1777	Do.	do..... 148,021
1778	Do.	do..... 249,932
1779	Do.	do..... 96,805

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Total loss..... £519,229

words, that if the Company had not received these cargoes or investments *for nothing*, it

## BOMBAY.

1776	Loss on the whole investment	....	£10,400
1777	Do.	do.....	2,117
1778	Do.	do.....	45,258
			<hr/> 57,775
1779	Gain on the whole investment—deduct		709
			<hr/>
	Net loss	.....	£57,066
			<hr/>
	Total loss Bengal and Bombay..		576,295

## MADRAS.

1776	Gain on the whole investment		93,937
1777	Do.	do.....	78,805
1778	Do.	do.....	70,609
1779	Do.	do.....	35,577
			<hr/> 278,928

## BENCOOLEN.

1776	Gain on the whole investment (pepper)	.....	36,873
1777	Do.	do.....	28,407
1778	Do.	do.....	24,818
1779	Do.	do.....	17,662
			<hr/> 107,760
	Total gain Madras and Bencoolen, to be deducted..		386,688
			<hr/>
	Total loss on India trade, including Bencoolen	....	189,607

would have been impossible to have carried on the trade at all; and that the China trade was then, as at present, their only source of even apparent profit.

Secondly, That the value, or prime cost, of all the investments in these four years amounted to 7,045,164*l.*; on which there is a computed profit of 684,489*l.*; but this is a profit after deducting freight, customs, and 5 per cent only for charges. Other charges would require to be added to make this account complete. Of these we have no detailed statement; but in the Third Report of the Committee of Secrecy, vol. iv. p. 40 to 46, we have a view of the Company's home debts, from 1762 to 1765 inclusive, and which we have reason to be assured were increased, not diminished, in the period here treated of. It appears then that the Company's annuity

#### CHINA.

1776 Gain on the whole investment	....£203,756
1776 Do.	do..... 247,198
1778 Do.	do..... 209,243
1779 Do.	do..... 213,899

Total gain, China..... 874,096

Net gain on investments from India, Bencoolen, and

China ..... 684,489

debt amounted to . . . . .	£2,992,440
Their bond debt average of 4 years	2,765,607
And their floating debt do. do.	2,206,039

Total £7,964,086

that on the two first sums of fixed debt they paid an average annual interest of 215,637*l.*; whilst they only received from Government 126,000*l.* per annum, on their capital, as it was called, or loan of 4,200,000*l.* to the public. On their floating debt, however, which consisted of temporary loans from the Bank, customs, and other payments, in arrear, they had to pay interest on the different sums, varying from 3 and 4, to 12 and 15 per cent;\* and if this latter interest be placed against the interest received from Government (a more than ample concession) it will leave the other sum of 215,637*l.* a net charge on the commercial adventures amounting in four years to 962,548*l.* This one item therefore, without reference to others, would more than absorb the

\* Vide Second Report of Committee of Secrecy of 1772, page 32, wherein it appears that the Company's debts to the bank bore an interest of..... 4 per cent.

Do. to government for indemnity on Tea.....	12	„
Do. do. “ as per agreement” .....	15	„
Do. do. . for unrated customs.....	6	„
Do. for freight and demurrage, and Poplar fund	4	„

whole of the aforementioned sum of computed profit.\*

But this is not all. If the Company had had, like other merchants, to pay for their goods, it is obvious that they must long ago have been avowedly bankrupt; and that *free* investments, as they themselves acknowledge, were indispensable to their very "Being." For how, otherwise, were they to pay dividends to proprietors, averaging at this time upwards of 250,000*l.* per annum? How were losses to be borne, commercial establishments, or the cost of commercial buildings to be defrayed, with various other charges not included in the account? Or how, in short, were those returns to be made to India from which aids to territory are now pretended to have been supplied? Have not the Court of Directors themselves declared (*p.* 521) that the sale proceeds of these *revenue investments* were the only channel of their receipts? And if any sums were at any time temporarily made by commerce for territorial purposes, either at home or abroad, can any fact be more manifest than that such advances must have been made from the very funds which territory itself had previously furnished?

Finally, although the officers at the India

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\* For the Company's peculiar mode of computing profit, see a further illustration in *Chap. V. post.*



House are pleased to allege, without proving, that 5,069,684*l.* were supplied to territory in fourteen years before 1765, and 6,829,557*l.* more from 1780 to 1793, we must not overlook a statement, taken from official records, by the Company's historiographer, Mr. Bruce, who asserts, on the other hand, that for six years of this period, or from 1783-4 to 1789-90, the Company's losses on their export trade amounted to "4,625*l.* per annum."\*

Now if the Company's import trade previous to 1780 is shewn on competent authority to have been regularly a losing trade, and that in subsequent years the Company had been losing at the rate of 4,625*l.* per annum, on their exports, it would be satisfactory to know from what prolific sources they have been enabled to repair these losses, and to advance at the same time nearly twelve millions more in aid of territory. Unless this can be satisfactorily explained, the bare assertion of Commerce having supplied the aforementioned aids to territory at this time from her surplus profits, or from funds exclusively her own, can only be considered fallacious, or little better than a mockery.

But there are other official accounts before the public, and bearing directly on this

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\* Bruce's Plans, &c. for British India, p. 317.

question, which, before closing the chapter, I would beg leave briefly to notice.

In consequence of the Company's affairs coming frequently at this time under the notice of Parliament, committees of the House of Commons were appointed to investigate them ; and the result of the committees' enquiries is contained in several voluminous reports, dated in 1772-3 and again in 1781-2-3, and now before the public.

In the Third Report of the Committee of Secrecy in 1773, page 60 to 65, we have an account of the receipts and disbursements at each of the Presidences, Bengal, Madras, and Bombay, for ten years, or from 1761-2 to 1770-1, furnished from the India House, and signed by "John Hoole Auditor of Indian Accounts." And in the Sixth Report of the Committee of Secrecy in 1782, page 362 to 367, a similar series of accounts is given, being in fact a continuation of the former series, from 1771-2 to 1778-9, signed by "John Annis, Auditor of Indian Accounts." In these accounts the Company's territorial and commercial receipts and disbursements are blended ; but the accounts are so clearly drawn out, there is no difficulty in separating the territorial from the commercial branch. The former, *i. e.* the territorial, receipts are contained

in the three first columns of receipts, and the territorial disbursements in the four first columns of disbursements, and are headed as follows, viz.

### Receipts—

Net amount of revenues arising from customs, &c., possessed before the year 1787.	Net amount of territorial revenues lately obtained.	Received on several accounts, viz. of the Nabobs for restitutions towards the military expence, deposits, &c.
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And the others, or Disbursements, are —

Civil and Military Charges.			Amount of payments for restitution, donation to the army, and other accounts.
Civil.	Military.	Buildings, &c. Fortifications.	

No committee having sat and no enquiry prosecuted, after 1783, I have had recourse for the remainder of the period to a work entitled “Compendium of East India affairs.” It was published in 1802 by “Robert Wissett, Esq. F. R. and A. S., clerk to the committee of warehouses.” The work was collected and arranged for the use of the Court of Directors, and contains a series of territorial and commercial accounts from 1761-2 to 1799-1800. Down to 1778-9, Mr. Wissett’s tables correspond with the statements of the committee of secrecy. From 1781-2 his tables are “taken from the accounts submitted to parliament by the Right Hon. Henry Dundas.” They may

therefore be deemed equally authentic with the former ; but as there are two years still wanting to complete the whole series, viz. 1779-80 and 1780-1 for Bengal and Bombay ; and three years as regards Madras, I have supplied this deficiency by taking an average for each of these years, calculated on the preceding and succeeding years of Mr. Wissett's tables.

Not to fatigue the reader, with multiplied figured statements, I shall only give general results in this chapter, but for the sake of those who desire more minute information, I have prepared and annex to it three tables, compiled from the several authentic documents above referred to, in which will be found, No. 1, a correct state of the revenues and disbursements of Bengal, Madras, and Bombay for the whole period ; No. 2, the amount of Indian Bond debt at the commencement and close of the period ; and lastly, a statement, No. 3, to show the progress of the Company's affairs from 1711 to 1827-8 inclusive.

No. 1.—Surplus revenue of Bengal, Madras, and Bombay, from 1761-2 to 1770-1, as per 3rd Report Committee of Secrecy, vol. iv. pages 60—65 ..... £4,061,560

Do. do. from 1771-2 to 1778-9, as per 6th Report Committee of Secrecy, vol. viii. p. 362—367.. 7,832,091

Do. do. from 1779-80 to 1792-3, taken from Wissett's Compendium, vol. i. .... 11,607,588

Total surplus revenue from 1761-2 to 1792-3, being thirty-two years .....£23,501,239

No. 2.—Statement to show the progress of Indian debt from 1761-2 to 1792-3, or from 274,688*l.* in the first year, to, (in the last year) £7,971,655

No. 3.—Statement to show the progress of the Company's affairs from the union of the companies in 1711 to the latest period, under the joint operations of territory and commerce.

In respect to the table No. 1, I would briefly observe, that, with so large a sum of surplus revenue uniformly derived from the territories of India, it must be obvious to common observation that the Company's debts could not possibly arise from territorial causes. If a man, A., has an estate of 1500*l.* per annum, and only spends 1000*l.*, his expenditure can never involve him in debt; but if his brother, B., be in business, carrying on a losing trade, and A. supplies him annually with 500*l.*, besides guaranteeing B.'s loans, the interest of which he suffers to be charged on his estate; it is then clear that A.'s estate will become encumbered, not from any extravagance or misdoings of his own, but from giving in to the delusions, or speculations, of B. This is precisely the case of the East India Company, as regards territory and commerce. The latter obviously absorbs all the surplus income of the former; besides charging the estate with the principal and interest of a debt, which territory had no occasion to contract on its own ac-

count; and which never could have been contracted but for the previous drains on its treasuries, to support the operations, and defray the charges, of an invariably losing trade.

But this conclusion will perhaps be still further illustrated by an attentive inspection of the next table, or No. 3., which requires a more detailed and distinct notice.

In this table I have endeavoured to trace, from authentic documents in print, not only the progress of the Company's debt from 1761 to 1793, but from the earliest to the latest periods, and to contrast the same at certain intervals with their assets, enumerated in the Company's several stock accounts. The object of this table is to exhibit in one general view the results of the combined operations of territory and commerce; containing, as it does, strong corroborative evidence of the main question in this enquiry; and in respect to which it is desirable that correct impressions should be entertained at this stage of it, or previous to entering on the period subsequent to 1793, when the official documents presented to parliament and the public are more full, regular, and complete.

On the subject of the Company's stock ac-

counts, or statements of debts and assets, it is right the reader should know, and it may therefore here be explained, that the assets always contain a mass of items either unproductive, or altogether dormant, or irrecoverable losses; and when considered as having real convertible value, like that of the effective property, are very much calculated to mislead ordinary readers, more especially when adduced — as they always are — to shew a balance of property, and therefore a state of solvency, after the discharge of all debts.

A Committee of East India proprietors in 1782, and the Select Committee of the House of Commons in 1812, who have dissected and adjusted these asset accounts, have accordingly struck out of them various items, such, for example, as the following in the account of 1782:—

Subsistence of French prisoners in India, of which there remained no prospect of recovery.

Cost of expedition to Manilla, continued in the accounts for a long succession of years after the account had been finally settled in 1770 with Government.

Articles of dead stock, which must evidently remain so during the existence of the Com-

pany, and though worth perhaps their estimated value, could not be converted to any other use.

Stores — Under this head the Committee of 1782 remark, that “ stores, though consisting of a variety of articles, many of which might occasionally be sold to the European or native inhabitants, or for the use of the Company’s, or country, vessels : yet the generality of them being for the defence of garrisons, out-factories or forts, as well as for the service of the troops in the field, are such as must in case of any great consumption *be replaced, and kept up to the present state.* For these reasons, and to prevent the proprietors being misled by an idea that all sums expressed by figures on the credit side of any quick stock were real property, convertible at all times into money, and equally applicable to the discharge of debts or incumbrances, your Committee have thought it consistent with their duty, as it is expressive of their opinion, to place these articles out of the line of effective property.

‘ Your Committee have only further to remark on the subject of the quick stock from Bengal, that though there is a great



“ apparent balance in favor of the Com-  
 “ pany, yet none of the articles which com-  
 “ pose it can be applied to discharge the  
 “ bond debt there ; on the contrary, that  
 “ debt has encreased from the 29th Feb.  
 “ 1780, from current Rupees 20,17,418 to  
 “ current Rupees 121,85,145, or about  
 “ 1,370,829*l.*, and must continue to en-  
 “ crease in the present situation of affairs ;  
 “ or what will be worse, bills must be drawn  
 “ on England.”

Old balances, due from renters at out settle-  
 ments and factories — such, for example,  
 as inserted in the Madras quick stock, to  
 the amount of 31,83,000 *Pags.*, or 1,273,200*l.*,  
 which, so far from being recoverable, had  
 gone on encreasing to that sum from  
 19 lacs of *Pagodas* in 1779, and on which  
 the Committee observe, that such “ out-  
 “ standing credits will, they fear, long re-  
 “ main a non-productive object to the Com-  
 “ pany ; and it may be deemed in some  
 “ measure fortunate if they are not already  
 “ encreased by an accumulation of ar-  
 “ rears.”

Floating adventures outwards — are rejected  
 from the head of effective property be-  
 cause the whole are subject to risk ; some  
 certainly would be lost or damaged ; and

uncertain, where the remainder would be incorporated.—On this head the Committee further remark, “ that the balance of effective property abroad would *not* come out in favor of the Company, if the goods in the warehouses for export, as well as import, were not set in account against the bond debts abroad, though in reality they cannot be applied to the payment of it. For it should always be remembered that the goods for exportation are generally destined to load the ships of the season to England, and that to keep the investments going on, advances must be made in the course of every year equal to the amount of merchandize sent away, otherwise there will soon be a defect in the warehouses at home. For example, if from the goods in Bengal the amount of one crore was consigned last year to England, a crore of Rupees would be wanted from time to time for the purchase of others to replace them ; and the like at other Presidencies from whence cargoes are expected.”

After making these and some other deductions, the Committee leave under the head of effective property “ all balances of cash in the hands of Paymasters, Residents, Pro-

“ vinctial Councils, &c.,” which must be considered as appropriated in those respective employs and situations — that is, to immediate monthly expences, and therefore no sooner disbursed than requiring to be renewed.\* Besides which, articles have been admitted which the Committee declare “ are by much over-rated.” Whilst of the “ effective stock at “ Bençoolen” the Committee further remark, that being “ a losing establishment, no productive property can be expected from thence “ without equivalent imports from, or drafts “ on, England. What is there already, except pepper, is only for stock and current “ use, and cannot ever be valued as a counter-balance to the bonds, which must finally be “ liquidated in England, or by assets from “ other settlements.”

The balance of effective property abroad from 1782, given in the annexed statement, is therefore only produced by including among

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\* On this description of property, as well as goods in store, Mill likewise observes:—“ The goods and effects in hand “ which are necessary for the immediate movements of the “ machine, and, in the course of immediate consumption, “ justly go for nothing: as if any part of them is taken “ away, it must be immediately replaced, and cannot form “ part of a fund available to any other purpose without diminishing some other fund to an equal degree.”— Mill, vol. iii. p. 270.

the assets the cash balances mentioned in the preceding paragraph, on which the Committee further add, that though liable to the objections above stated, “ they agreed to let them “ stand, though convinced in their own “ minds that they never can be brought in “ abatement of the Company’s real debts ;” adding in another place “ Your Commit- “ tee think it their duty to observe that “ the bond debts, and other debts in India, “ will not, and cannot, be paid, or even re- “ duced from the amount of effective pro- “ perty set in opposition to them, but must “ be liquidated from future savings in the “ revenue ; whilst, from the present situa- “ tion of affairs, these bond debts are en- “ creasing monthly. Even by the accounts “ now produced (more than twelve months “ back), they amounted to at least two and a “ half millions sterling at the three Presi- “ dencies.”\*

With all the losses, dubious credits, dormant and unproductive property above adverted to, admitted into this account, a favorable balance is exhibited of 6,384,319*l.* ; but of this the Committee observe, that the sum of 2,165,534*l.* only, including the floating adventures, is effective ; and this is all that can be produced to meet a

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\* Vide Committee’s Report, *ut supra*, p. 148 and 154.

capital of 3,200,000*l*. The Committee close their report with the following passage:—

“ Before your Committee close this report,  
 “ they beg leave to say a few words on the  
 “ subject of the reference made to them, and  
 “ to assure the proprietors that if they have  
 “ exceeded the limits of their appointment  
 “ by giving opinions instead of adhering to  
 “ figures only, they did solely from a per-  
 “ suasion that their report would be incom-  
 “ plete without such remarks; and that if  
 “ these remarks have carried them into mat-  
 “ ters not wholly comprised under debit and  
 “ credit, they were so connected with ac-  
 “ counts as to be the very source and cause  
 “ of them. For situated as the Company  
 “ now are, it is impossible to discuss the sub-  
 “ ject of trade and expence without advert-  
 “ ing to collateral objects on which the others ma-  
 “ terially depend; because the Company  
 “ may be successful in war, extend their pos-  
 “ sessions, and controul the politics and  
 “ princes of the East, while they are poor in  
 “ revenue, distressed for resources to defray  
 “ expences, and bankrupts in trade.”\*

With these explanations and corrections, the account for 1782 is accordingly intro-

\* Com. Ninth Report, p. 156.

duced. The remarks of the Committee are very important, as having been passed by a body of Proprietors on their own account. They are deserving of the reader's particular attention, because stock accounts of this description, where the debts, be it remembered, are positive, undoubtedly owing by the Company, and must be paid, asset accounts, such as the Company's always are, would, without a similar analysis, infallibly lead to erroneous conclusions as to the real state of the Company's affairs.

From 1782 the table No. 3 is afterwards continued to 1792-3—1809-10 and 1827-8. The examination of the stock accounts of 1793 and 1810 was effected by the Select Committee of the House of Commons in 1812 (vide Fourth Report, p. 36), on which Mr. Mill has the following appropriate remarks:—“ The East  
“ India Company has availed itself of its  
“ mercantile capacity to bring forward regu-  
“ larly a statement of assets as a compensa-  
“ tion for its debts. This, however, is ob-  
“ jectionable on a second account; because,  
“ according to the mode in which this state-  
“ ment is framed, it may exhibit at pleasure  
“ either a great amount or a small. Some  
“ of the principal articles have hardly any  
“ marketable value; could produce little, if

“ the Company were left to dispose of them  
 “ to the best advantage ; yet the rulers of the  
 “ Company assign to them any value which  
 “ seems best calculated to answer their de-  
 “ signs. Houses, for example, warehouses,  
 “ forts, and other buildings, with their furni-  
 “ ture, constitute a large article, set down at  
 “ several times the value probably at which  
 “ they would sell. Debts due to the Com-  
 “ pany, and arrears of tribute form another  
 “ material ingredient, of which a great pro-  
 “ portion is past recovery. A specimen of  
 “ the mode in which the account of assets is  
 “ made up may be seen in the following fact :  
 “ that 1,733,328*l.*, as due by the public for  
 “ the expedition to Egypt, was continued in  
 “ the Bengal accounts as an asset after the  
 “ expence had been liquidated in England :  
 “ and upwards of 2,000,000*l.* due to the Com-  
 “ pany by the Nabob of Arcot and Raja of  
 “ Tanjore, is continued in the Madras ac-  
 “ counts as an asset, though virtually re-  
 “ mitted and extinguished upon assuming  
 “ the territory of the Carnatic.

“ The account of the assets, therefore, ex-  
 “ hibited by the East India Company, de-  
 “ serves very little regard in forming an es-  
 “ timate of the financial situation of the go-  
 “ vernment of India. Being, however, uni-

“ formly adduced as an article of importance  
 “ among Indian accounts, its presence is thus  
 “ rendered necessary here. As the Com-  
 “ mittee of the House of Commons, formed  
 “ in 1810, instituted a comparison between  
 “ the account of assets and debts for the pe-  
 “ riod of 1793, and the latest period to which  
 “ their enquiries could extend, there will be  
 “ an advantage in taking the same periods  
 “ for the subject of that view of the assets  
 “ which is here required. That Committee  
 “ entered into a slight examination of the  
 “ statement exhibited by the East India Com-  
 “ pany of assets in India; and by making  
 “ large, *though far from sufficient, deductions,*  
 “ reduced the amount of it nearly one half.  
 “ Unhappily it did not carry even the same  
 “ degree of scrutiny into the statements of  
 “ assets at home, and took it pretty nearly  
 “ as made up by the Company.”\*

However imperfect the Committee's analysis of these stock accounts, it is still adopted into the annexed table, preferring always the authority of official documents to alterations or suggestions which cannot be so sanctioned. The amount for 1827-8 has not been dissected at all; but if a similar process,

\* Mill, vol. iii. p. 720.



however incomplete, had been observed in regard to this latter account, it would unquestionably shew a larger deficiency by several millions sterling than that now exhibited.

With the explanations thus given, and the certainty that the figures or results inserted in this table are all taken from official documents regularly certified, it may now be asked, What does this table prove ? The plain answer is, that it exhibits the following results—

In 1772-3, a DEFICIENT balance  
on the whole concern of £783,857  
1782-3, a DEFICIENT balance do. of 2,573,454  
1792-3, a DEFICIENT balance do. of 10,221,956  
1809-10, a DEFICIENT balance do. of 16,374,711  
1827-8, a DEFICIENT balance do. of 17,882,812

It shews, in fact, to use the Committee's own expression, a *bankrupt state* of the united concern, from the commencement of the union in 1711 down to the latest period ; that no trade could possibly have sustained such an uniform state of " deterioration," for upwards of a century, unless it were kept alive by foreign aids, or artificial props ; that no conceivable aid, or prop, can be suggested, in this case, but the territorial revenue since 1765 ;

and if at the same time it be proved that the revenues of India, ever since that date, were more than sufficient to discharge *all* their own appropriate expences, and to yield a large surplus, can any position be more manifest than that this uniform deterioration, or bankrupt state, of the united concern is wholly to be ascribed to the operations of commerce ?

Reviewing, then, the whole of these tables together ; seeing that the Company's commercial funds had fallen greatly short of the cost of investments annually returned to England ; that the surplus revenue and loans had been applied to supply the difference, and to defray other commercial disbursements ; and that these positions are strongly corroborated by other facts, can we need further proof as to the proper incidence of the Company's debts ? and that the whole, including the supplies from revenue, ought, with interest, to fall as a charge or charges on the commercial head ? It is the only fair principle on which a statement of accounts, as between the territorial and commercial branches of the Company's concerns, can, or ought to, be exhibited to Parliament and the Public ; but completely at variance with that assumed in evidence before the House of Commons on the 7th June 1830, wherein an attempt

is made to prove, "that the commercial capital of the Company rested on a solid basis; and that the debt of the East India Company had its origin entirely in territorial causes."

In allusion to that part of the evidence wherein it is asserted that between the years 1780 and 1793, the excess of payments by commerce in aid of territory was no less a sum than 6,829,568*l.*, Mr. Langton has observed, that the period between 1784 and 1789 was one of profound peace, and perhaps of unequalled prosperity in the state of the Company's affairs abroad. It will be also seen in the annexed Tables, so far from territory requiring aid from commerce, that from 1781-2 to 1792-3, investments were provided from India and China amounting at prime cost to upwards of two millions sterling per annum; whilst the returns from Europe including goods, naval and military stores, and bullion, were little more than half of that amount; and that after 1793 (as will be shewn in the next chapter) large surpluses of revenue continued, as before, to be contributed; and constituted in reality the only capital on which the Company's trade was, or could be, carried on. Instead of a supply, therefore, by commerce to territory previous to 1792-3, it

is shewn in Table No. 1, that territory had actually supplied commerce with funds to the amount of 23,501,239*l.*; exclusive of the debt of 7,971,665*l.*; and unless this statement can be refuted, or otherwise explained, all the accountants in existence will be unable to prove, to the satisfaction of any man acquainted with figures, that the Company's commercial capital did, at the period here referred to, or does now, rest on a solid and independent basis. The impartial reader will more probably be left to wonder at the boldness of the assertion; and perhaps as much puzzled, as the late accountant-general Cartwright was, "to find out where the Company's trading capital really is."

The orders of the Court of Directors to their Indian government being peremptory, that "*every other consideration was to give place to the essential and primary objects of their investments* (*page 525*), adding, in other letters, prohibitions against bills being drawn on them, except to a limited amount—the produce of their sales being, as they observed, their only channel of receipts to meet home payments (*page 521.*)—attention to the fulfilment of these orders became a duty on the part of the authorities abroad. Investments were accordingly provided from India

and China, averaging as per annexed table, No. 2, 1½ million sterling per annum for the whole period, and upwards of two millions for the latter portion of it. Provision for these investments was for the most part made on a vague estimate of funds, and without a very nice regard to actual surpluses of revenue in each year. The orders of the Court of Directors required always a certain amount of investments. Ships were accordingly sent out for its conveyance to England. The preparations of the board of trade were on a corresponding scale; and the revenue treasuries were accordingly drawn upon to answer all these demands. Through periods of war, and even of famine, there was no material diminution of the "revenue investment." When therefore a pressure from other causes exhausted the remaining treasure, and that loans became requisite, these loans were improperly charged to territory; because, had it not been for the previous supply from territory to commerce, loans need not have been raised. On every fair principle of accounts, therefore, commerce should restore to territory, with interest, the advances she had received, or be made to bear that burthen which her own urgent necessities had caused to be contracted. Surplus revenue and territorial debt being absolutely incompatible — their co-existence an untenable

position—it follows that no portion of the Company's debts can be proved to have arisen from territorial causes. The former fact being established, every attempt to prove the latter assertion must inevitably fail.

I have already shewn that the bond debt in England was originally money borrowed by the Company *for commercial purposes*, and served, previous to 1765, as their only trading capital. It hence follows, that both the Indian and the home debts—viz.

The Indian debt bearing interest, commonly called territorial, and amounting in 1793 to . . . . . £6,192,980

Besides Indian debt not bearing interest, and amounting in 1793 to . 1,778,685  
 —————7,971,665

And the home bond debt bearing interest, and amounting in 1793 to . 3,200,000

With bonds in England not bearing interest, and other floating debts, amounting in 1793 to . 4,791,078  
 —————7,991,078\*

Total . . . £15,962,743

\* Vide 4th Report Select Committee of the House of Commons, 1812, p. 36; and Moreau's Tables.

are purely commercial, having been entirely created by commercial disbursements.

Let the reader pause for a moment, and reflect on the preceding series of facts. He will find, on comparing dates, that the Indian debt had encreased to the sum above specified, from that of 274,688*l.* in 1763 (*vide p. 561.*); that the whole encrease of debt, at home and abroad, between 1762\* and 1793, was 7,491,401*l.*; and that this encrease took place contemporaneously with a surplus revenue in each year, and amounting altogether, during the same period, to 23,501,239*l.*, after defraying every description of territorial charge. Is it then possible to avoid the conclusion, that territory can, on no principle of justice, or of truth, or of mercantile accounting, be charged with a single fraction of this debt? that it must have arisen from some other than a territorial cause; that it owes both its origin and growth to the losses and

\* The debt of 1762 is taken from the Third Report of the Committee of Secrecy in 1773, and will be found stated as follows: —

Annuity, bond, and floating debts . . . . .	8,196,654
Indian bond debt . . . . .	274,688
	<hr/>
	£8,471,342

expenditure of commerce ; and that, *but for misconception or misrepresentation, Parliament never could have viewed it as appertaining to territory, or that any thing in short but commerce were accountable for its existence.*



## No. I.

ABSTRACT STATEMENT of the territorial revenues and expenditure of British India, from 1761-2 to 1770-71, 1771-2 to 1778-9, 1779-80 to 1792-3.—The first period taken from the Third Report of the Committee of Secrecy, vol. iv. p. 60—65; the second period from the Sixth Report of the Committee of Secrecy, vol. viii. p. 362—367; and the third period from Wissett's Tables, vol. i. p. 82—85, 94—97, and 106—109.

Settlements.	Total Revenue of each Settlement.	Total Revenue.	Years.	Total Expenditure of each Settlement.	Total Expenditure.
Bengal .....	£. 17,686,316	£.	1761-2	£. 12,261,390	£.
Madras .....	6,431,935		to	5,770,670	
Bombay .....	760,039		1770-71	2,784,670	
		24,878,290			20,816,730
Bengal .....	24,417,574		1771-72	14,655,535	
Madras .....	6,584,938		to	6,234,837	
Bombay .....	1,544,929		1778-79	3,824,978	
		32,547,441			24,715,350
Bengal, 1779-80 and 1780-81, assumed to be the same as 1777-8 and 1778-9.	6,473,097		1779-80	4,695,449	
" 1781-2 to 1792-3 .....	70,599,335		to	49,287,370	
Madras, 1779-80 to 1781-2, assumed to be the same as 1776-7 to 1778-9.	2,341,327		1792-93	2,689,554	
" 1782-3 to 1792-3 .....	15,865,518			19,398,720	
Bombay, 1779-80 and 1780-81, assumed to be the same as 1777-8 and 1778-9.	485,081			1,041,753	
" 1781-2 to 1792-3 .....	2,506,272			9,552,196	
		98,272,630			86,665,042
		.....	By Balance being sur-	plus of revenue over ex-	
		.....	penditure in 32 years...		23,501,239
		155,698,361			155,698,361

## No. II.

STATEMENT to show the progressive Increase of Indian debt from 1761 to 1793, throughout which period the constant existence of surplus revenue is admitted by the highest Indian authorities at home and abroad. — Extracted from the Reports of the Secret Committee in 1772-3 and 1781-2-3, and the other authorities quoted below.

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In 1761..Bengal Debt, 30th April.....	£234,975	
Madras do do .....	39,693*	
		274,668
1766..Bengal do do .....	746,200	
Madras do do .....	10,480	
		756,680
1773..Bengal do 13th April.....	1,294,629	
Madras do do .....	75,046	
Bombay do do .....	126,198	
		1,495,873
1780-1..Bengal do do .....	485,378	
Bombay do do .....	1,052,527	
Madras do do .....	252,721	
Bencoolen (besides 92,934 <i>l.</i> of notes in circulation) .....	6,775	
		1,797,401
1785..Close of Mr. Hastings' administration, Mill, Vol. i. p. 675 .....		*10,464,955
1793..Indian Debt bearing interest .....	£6,192,980	
Do. not bearing interest .....	1,778,685	
Fourth Report of Sel. Com. of the House Commons in 1812, p. 36.....		7,971,665

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\* Mill compares, on this occasion, the financial state of Bengal, Bahar, and Orissa in 1772, when Mr. Hastings' administration commenced, with its close in 1785; and finding that in the former period there was a surplus revenue of 668,371*l.* and in the latter of 1,002,678*l.* after defraying all the civil and military charges of the government, it is rather surprising that Mr. Mill's sagacity should not have led him at least to suspect that this constant surplus was not to be reconciled with encrease of debt on territorial account, and that the Indian loans *must*, therefore, have been occasioned by some other cause.

# No. III.

STATEMENT to shew the progress of the Company's debts at home and abroad, from the earliest periods to the year 1827-8; contrasted with assets at their own valuation; as far as the same can be collected from printed authentic accounts.

In 1711	We are informed by Mr. Mill, that the joint debts of the United Company abroad exceeded their assets in the sum of 30,610 <i>l</i> .— <i>Vide Chap. I. p. 448.</i> —whilst their home debts (we have no account of home assets) amounted to 399,795 <i>l</i> . exclusive of their capital stock, now 3,200,000 <i>l</i> .		
In 1765	The Company Home debts amounted to £8,177,247 (exclusive of their Capital Stock) And the Indian Bond debts, to ..... 756,680  Vide <i>Chap. II. p. 494-5.</i> We have still no account of assets.		
In 1772-3	Second Report, Committee of Secresy, p. 18—30.  Home Debts (exclusive of Capital) .. 11,402,949 Indian ditto ..... 2,032,306  Home Assets ..... 9,454,099 Indian ditto ..... 6,397,299  Balance in favour (exclusive of Capital) ..... 2,416,143  But the capital being included among the credits or assets, as the Company are, on the other hand, answerable for the amount to individual subscribers or stockholders, it should also be included among the debts, or ..... * 3,200,000 When the real balance would be DEFICIENT ..... £783,857		

\* The Committee seem to admit, p. 154-5, that the Company's capital ought be inserted as a debit entry. The sum is stated to be 3,200,000*l*.; but the committee being unable to account satisfactorily for the origin of this capital, have, therefore, they say, omitted it entirely from their statement. It is to be found in former accounts ever since the year 1706, as having been subscribed "by the adventurers at 87*l*. 10*s*. per cent." and, therefore, costing 2,800,000*l*. which the committee suppose may have been expended on renewals of the Company's charter, or on buildings, forts, and other articles of dead stock. However it may have originated, or been actually expended, certain it is, that in 1711, 3,200,000*l*. had been lent by the proprietors to government (*Vide p. 446.*), and that this loan had existence prior to the bond debt which the Company were only authorized to raise in 1721, (*p. 462.*) Another million was added to the loan to government in 1744-5; but the Company were authorized to raise this million by bond, which may, therefore, have been added to their regular bond debt; but whether it was so, or not, is unexplained. It was not till 1749-50, that the Company was empowered to raise 2,992,440*l*. by way of annuities, and as a compensation for the interest on their loan to government being reduced to 3 per cent. This annuity debt, therefore, and the bond debt, would seem to be wholly distinct from the original capital of 3,200,000*l*. and I have accordingly treated them as such throughout this treatise. *Vide also supra, p. 541.*

In July,  
1782.

The Appendix, 21, of the Ninth Rep. of the Sel. Com. of H. of Commons of 1783, pp. 130 et seq. contains a report by a Committee of East India proprietors, appointed to examine into the general state of the debts, credits, and effects of the Company at home and abroad, and to report the same to a general court of proprietors. The estimate of debts and credits produced on this occasion to the committee, included "Many articles of quick stock, "some afloat and at risque, and others "obviously dormant and non-productive, thereby giving the whole an equal "degree of creditable value in opposition "to debts which are actually due and "must be paid." The committee accordingly proceeded to dissect and adjust the said account, whence it appears, as per statements C and I of that appendix, with the remarks thereon, and further adjusted in statement P, that the Company's active debts in England amounted to .....

And their effective property to.....	7,935,097	£8,496,758
Less Company's separate fund improperly inserted among the credits * .....	286,036	
		7,649,061
Balance DEFICIENT .....		+ 847,697

\* "This item is the Company's proper and separate fund, not liable to be involved in "their commercial operations, but applicable to the augmentation of their dividends, without participation of the public, and ought to have been set aside, and kept separate, unless "introduced as a loan; and then it should have been stated in the debit side, as a debt due "from the commercial concerns to the Company's private stock."—Com. Rep. p. 142.

† On the home stock account the committee observe, that unless the assets contained in it were speedily realized (which they could not be), the Company could not discharge debts liable to immediate demand, to the amount of 861,291*l.* besides customs falling due between May and September, to the amount of 568,004*l.*—Total 1,429,295*l.* The committee subjoin the following important remark:—"From the investigation of the quick stock in England, corroborated by the best information we can obtain from the officers "of the House, as to the amount of the annual payments and outgoings, independent "of bills and customs which generally bring their acquittal with them in cargoes, your "Committee think they shall not exceed their commission in saying, that the Company "will soon be embarrassed in their operations for want of current cash, unless some relief "can be obtained from government, and that the parting with 300,000*l.* lately to government, was an alienation of their property, which neither the situation of their affairs at "that time, nor at present, can possibly warrant."—This 300,000*l.* I presume, was part of the 400,000*l.* agreed to be paid to government for the renewal of their charter in 1781.

	Brought forward DEFICIENT .....	£847,697	
	Active debts abroad .....	4,138,622	
	Ditto outstanding * .....	129,456	
		<u>4,268,078</u>	
	Effective property, do.....	5,742,321	
		<u>1,474,243</u>	
	Balance in favour .....	847,697	
	Deduct deficiency as above .....		
		<u>626,546</u>	
	Net balance in favour .....		
	But adding the capital stock, or loan to government, as above .....	3,200,000	
	The real balance of this account would be		
	DEFICIENT .....		£2,573,454
In 1785	Mill, Vol. II. p. 675, gives the following statement at the close of Mr. Hastings' administration —		
	Home debts .....	15,443,349	
	Indian ditto .....	10,464,955	
	800,000/. stock, addition to capital, cost.....	1,240,000	
		<u>27,148,304</u>	
	Total debts .....		
	Reference is made for authorities to the Fourth, Fifth, and Sixth Reports of the Committee of Secresy, but we have no account of assets.		
In 1792-3	Fourth Rep. Sel. Committee of the House of Commons in 1812, p. 36.		
	Home debts .....	7,991,078	
	Indian ditto .....	7,971,665	
	Capital, now six millions, cost. ....	7,780,000	
		<u>23,742,743</u>	
	Total debts ..		
	Home assets, adjusted by the Committee ..	9,740,832	
	Indian ditto .....	3,800,838	
		<u>13,541,670</u>	
	Balance DEFICIENT .....		£10,201,073
In 1810	Do. do. do. and Mill, Vol. III. p. 772.		
	Home debts .....	£10,357,088	
	Indian ditto .....	28,897,742	
	Capital as above.....	7,780,000	
		<u>47,034,830</u>	
	Total debts .....		
	Home assets .....	14,504,944	
	Indian ditto .....	16,155,175	
		<u>30,660,119</u>	
	Balance DEFICIENT .....		£16,374,711

\* This sum, classed under "debts outstanding," is the Bengal Military and Contingent Fund, commonly called Lord Clive's Fund, and which, as having been deposited in cash in the Company's treasury, they are clearly accountable for.—Com. Rep. p. 134 & 168.

In 1827-8 | No. 25, of papers, &c. presented by H. M. command, Feb. 1830. |

Territorial debts at home and abroad ..	54,973,452	
Commercial do. do. ....	5,506,350	
Capital as above .....	7,780,000 *	
Total debts .....		68,259,802
Territorial assets.....	26,934,663	
Commercial do. ....	23,442,327	
		50,376,990
Balance DEFICIENT *	.....	£ 17,882,812
Or, to use the words of Mill, " <i>a balance of legitimate claims</i> " <i>which there is nothing whatsoever in the shape of property to meet.</i> "		
—Mill, Vol. III. p. 724.		

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\* In the three last periods of this statement, it will be observed, that the capital stock is rated at 7,780,000*l.*, being the amount actually subscribed and paid in. But if the Company are to make good the capital stock, as prescribey in 33 Geo. 3. cap. 52. s. 115., at the rate of 200*l.* for every 100*l.* stock, it will of course encrease their debt in proportion, and consequently make the deficiency in each period, 4,220,000*l.* more.

## CHAPTER V.

STATE OF THE COMPANY'S FINANCIAL AFFAIRS FROM  
1792-3 TO 1828-9.

ON the principle of *surplus revenue* and *territorial debt* being utterly incompatible, the contents of preceding chapters (unless indeed the official documents in print are fallacious or imperfect) can scarcely, I presume, leave a doubt as to the position here contended for, viz., that the Company's debts at home and abroad are wholly chargeable to commerce up to 1792-3; in other words, that sums equivalent to the loans and surplus revenue together must have been absorbed by commercial losses and expenditure; since it is clear they were not required for territorial purposes, or would not have been required, had the disbursements of territory been confined to her own exclusive wants, and not mixed up with supplies to sustain the broken down fortunes of a bankrupt associate. With the establishment of this fact, the remainder of our task will be

easy ; as, from this period, we are furnished with authentic accounts, annually laid before Parliament, the results of which, as far at least as regards the revenue or political concerns admit of no misconception.

Although this highly important fact had escaped the notice of the principal authorities in England, the affairs of India, subsequent to the acquisition of the Dewanny, would seem to have attracted considerable attention on the part of the legislature. Mr. Moreau informs us that, from the year 1765 to the peace of Paris in 1783, almost every session of parliament was productive of new laws intended to secure the due appropriation of the Company's annual receipts ; to simplify their government abroad by establishing a proper subordination between their different Presidencies ; to guard their commerce against the illicit practices of their own servants, by subjecting them to a stricter responsibility ; and by rendering them amenable to the courts at home, as well as the tribunals specifically appointed for the administration of justice abroad.\* But these statutes contain a great deal more than is here adverted to, as will be noticed presently.



The series is continued in Russell's volume of East India Acts; but in a more complete state, and down to the latest period, in Tyrwhitt and Tindal's Digest of the Statutes. Still in no part of the parliamentary proceedings do we find any specific enquiry, or attempt made, to ascertain the origin, or real cause of the Company's debts.

In 1793, Mr. Dundas's eloquence, or rather, as Mill observes, his "confident assertions, "so potent in men of influence and power to "captivate the general mind with a prospect "of Indian prosperity, had generated a belief "that a great fountain, whence a perennial "stream of wealth would flow upon the British "nation, was by the wisdom of its rulers secured to that nation in India. Estimates "were formed with all the care of accuracy, "or rather of moderation, by which it was "made to appear that the surplus, exhibited "by the accounts of the year immediately "passed, would, in future years, rather increase than diminish. And with profound "solemnity an appropriation, as if for perpetuity, was proposed of a *large superabounding sum which would, it was said, be annually received from India*. The eyes of men were "successfully dazzled; and when Mr. Dundas called out to them, 'Will you stop the

“ tide of so much prosperity for untried theories ?” those who knew but little either about the theory, or the practice of the case, that is, the greater number, were easily made to believe, that there was a great certainty of securing what they were told was the actual influx of wealth, if they persevered in the present course ; a great danger of losing it, if they allowed themselves to be drawn, by delusive prospects, into another.” \*

Under these solemn assurances, and the general belief of their being well founded, it was easy to persuade parliament, that it became their duty to make a just distribution of this “ perennial stream” which seemed to promise an inexhaustible harvest of fruits. It was accordingly provided, that the *surplus revenue*—after defraying all charges of a military nature, the interest on debt, and the civil establishments—should be appropriated to provide investments to the amount of one crore of Rupees annually at the least, with liberty to encrease the said investments, in proportion as Indian debt should be redeemed, discharged, or transferred from India to Great Britain ; and lastly, in payment of debts in India, or for other purposes ; whilst

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\* Mill, Vol. iii. p. 364.

The profits of trade, and produce of investments, were appropriated :

First—To pay bills of exchange, and other current charges and debts, &c. except the bond debt.

Second—A dividend of 10 per cent. per annum on the capital stock of the Company, or 600,000*l.* per annum.

Third—500,000*l.* per annum in discharge of bills granted for transferring the India debt to England, until reduced to two crores of Rupees.

Fourth—An annuity of 500,000*l.* a year to the public.

Fifth—The surplus to be applied in augmentation of the fund for reducing the India debt to two crores, as above.

Sixth—To pay other debts of the Company, except the bond debt of 1,500,000*l.*, or to extend the Company's trade.

Seventh—Of the remainder, one-sixth to be applied to encrease the annual dividends ; and five-sixths to be paid into His Majesty's Exchequer, to form a guarantee fund, to accumulate with interest, until it should amount to 12,000,000*l.* The interest then to be a guarantee for the dividend of 10 per cent. per annum ; and the principal a guarantee for the capital stock, at 200 per

cent. ; subject to which, the fund to become the property of the public.

It thus appears, from the preceding appropriations, to have been unequivocally admitted, that a surplus revenue to a large amount, existed at this time in India ; whilst the home profits on the Company's trade were conceived to be equally exuberant. If this surplus, then, or these profits, or both together, were thus "super-abounding," it was but natural, one would think, to enquire whence the necessity for the united concern, or for either branch separately, to have contracted such a heavy load of debt.

If, indeed, we look back to authentic documents, which must at this time (1793) have been under the eye of the public authorities at home, it seems quite unaccountable that they should have so loosely examined into the real state of the Company's affairs. To say nothing of the valuable information contained in the reports of select and secret committees in 1772-3, and 1781-2-3, on India affairs, and particularly as to the certainty of a large and constant surplus revenue in India, the series of statutes between 1767 and 1793, contained a further mass of most important and instructive facts. All these acts of parliament, whenever touching on the territorial possessions in India, assert the paramount

right of the state to those territories, and the revenues thereof; and admit also the existence of a surplus, which Parliament accordingly assumes the absolute right of appropriating.

1767. By 7 Geo. 3. cap. 57. It is enacted, that the territorial possessions and revenues in India shall remain in possession of the E. I. Company, on their paying into the receipt of H. M. Exchequer 400,000*l.* per annum for two years.

1769. By 9 Geo. 3. cap. 24. The grant of territorial possessions is continued, on payment of the said 400,000*l.* per ann. for five years.

Of this sum only 2,169,399*l.* (or five years' amount instead of seven years) appear to have been paid.\*

1773. By 13 Geo. 3. cap. 64. The preamble of which states the Company to have been "labouring for some time past under great and unusual difficulties," and to be in urgent need of immediate relief, to save them, as would appear, from utter ruin, a loan of 1,400,000*l.* in exchequer bills is granted,† the participation money of 400,000*l.* per annum given up, as well as

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\* Bruce's Plans, &c. p. 329.

† Vide *Chap. III. p. 519 to 529*, for the distress and alarm of the directors, in consequence of bills drawn on them from India to a large amount.

the indemnification for duties on tea ; and the surplus of revenue and profits ordered to be applied to the liquidation of the aforementioned loan, and the diminution of the bond debt to 1,500,000*l*.

By 19 Geo. 3. cap. 61. The debt to government of 1,400,000*l*. being discharged, and the bond debt reduced to 1,500,000*l*., the territorial possessions and revenues remain with the Company for one year ; but the whole surplus, after paying a dividend of 8 per cent., to be reserved, to await a further agreement between the public and the Company. 1779.

By 20 G. 3. cap. 56. The territorial possessions are continued for another year with the E. I. Company ; but their affairs not being restored, the surplus of revenue and profits were again reserved, to await a further agreement, as above. 1780.

By 21 Geo. 3. cap. 65. The Company are required to pay into the Exchequer 400,000*l*. in discharge of claims of the public, up to March 1781. The territorial possessions are then continued as before, on condition, viz. 1781.

That the clear surplus of revenue after defraying all territorial charges and expences, and

All the clear profits of the Company, after providing for the current payments of interest, and other outgoings, charges, and expences, be appropriated to pay a dividend of 8 per cent. per annum; and three fourths of the remaining surplus to be paid into the exchequer, and to be at the disposal of Parliament.

By the same act the Company were to victual H. M. ships employed in India at their own expence; but government, owing to their distress, agreed to repay them in England one fourth of the amount for their own sole use and benefit; or, should profits be deficient, as much more as would suffice, with their profits, to make up a dividend of 8 per cent.

1782. By 22 Geo. 3. cap. 51. Profits are acknowledged to have fallen short of the dividend by 22,023*l.*; the sum of 100,000*l.* (part of the 400,000*l.* required by 21 G. 3. to be paid into the exchequer), and 396,466*l.* 2*s.* 6*d.* for customs, are stated to be due to government, adding—"The said Company being still in distress, it is fit the said payments should be postponed"—these payments were accordingly postponed until April, 1783.

1783. By 23 Geo. 3. cap. 36. The preceding debts are

found to be still unpaid ; that 42,105*l.* 6*s.* 10*d.* for customs had since accrued, and that 23,000*l.* more would fall due in July 1783 ; and “ the Company (it is “ added) having become *much distressed* “ in their affairs at home, and applied “ to parliament for relief, having been “ obliged to postpone many other of their “ commercial debts,” these sums are again postponed ; and the Company empowered to encrease their bond debt in the sum of 500,000*l.*

By 23 G. 3. cap. 83. It appears that the Com- 1783.  
pany owed 644,743*l.* 17*s.* 2*d.* for customs ; that 270,000*l.* more would be due by 10th December, 1783 ; that the 100,000*l.* (part of the 400,000*l.* due in 1781) was still unpaid ; that from March 1782 to March 1783, profits were deficient to pay the 8 per cent. dividend of 256,000*l.* by 255,813*l.*, in other words, that they had only 187*l.* of profit ; that “ the Com-  
“ pany were *much distressed* in their  
“ affairs at home, whence it was found  
“ necessary to grant further relief ;” wherefore the above payments were again deferred ; and the commissioners of the treasury empowered to assist the Company with a loan of Exchequer bills to



the amount of 300,000*l.* at 4*l.* 15*s.* per cent. interest ; and until these debts could be repaid, and the bond debt reduced to 1,500,000*l.* the public were to forego all participation in the surplus revenue and profits.

1784. By 24 Geo. 3. sess. 1. cap. 35. The debts for customs, &c. being still unpaid, payment again postponed until May 1784.

1784. By 24 Geo. 3. cap. 34. The debt for customs being now 923,519*l.* 5*s.* 2*d.*, the debt of 100,000*l.* due in 1781 still unpaid, as well as the debt on Exchequer bills of 300,000*l.* the bond debt being 2 millions, and a deficiency in the year's profit of 141,941*l.* to pay 8 per cent. dividends ; and finally bills drawn on the Company for 1,690,000*l.*, besides China bills, being to be met, and 300,000*l.* due on accepted bills ;\* a further postponement of the debts to the public was granted till 1st Jan. 1786. Meanwhile a dividend of 8 per cent. was still authorized ;† and the surplus revenue

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\* *Vide Chap. III. p. 533 to 536*, and the 9th Report of the select committee for the occasion of these bills.

† Throughout these difficulties, the 8 per cent. dividend was always carefully provided for, on which Mill observes, that the Company “ borrowed money to divide among themselves, a “ singular way for a trader of keeping out of debt.”—Mill, vol. ii. p. 693.

and profits ordered to be wholly appropriated to the liquidation of debts.

- By 26 Geo. 3. cap. 62. The Company were 1786.  
 authorized to raise money to relieve their distresses by selling or mortgaging 1,207,559*l.* 15*s.* being part of the debt of 4,200,000*l.* due by Government to the Company, to be held by subscribers on the same terms as the 2,992,440*l.* 5*s.*—other part of the said debt—were held; and likewise to *borrow*, or add to their capital stock, 800,000*l.* it being “necessary and expedient, it is stated, that “the Company should be thus enabled to “raise a further sum of money than they “otherwise could do, to extend their “trade, and to discharge the demands to “which they are liable.”
- By 28 Geo. 3. cap. 29. The Company were 1788.  
 empowered to raise 1,200,000*l.* on their bonds, “in consideration of the state of “their affairs, and to discharge debts.”
- By 29 Geo. 3. cap. 65. “The affairs of the 1789.  
 “Company again requiring the advance “of a considerable sum of money” to meet pressing demands, they were accordingly authorized to raise the same by adding one million to their capital stock; and
- By 33 Geo. 3. cap. 47. To add another million 1793.  
 to their capital stock for the same purpose;

thus borrowing, or adding to capital, (another name for borrowing) no less a sum altogether, from 1773 to 1793, than 9,587,559*l*.\* which, together with all the surplus revenue of India during the period, was applied) as manifested in the preceding statutes (and therefore wholly sunk. in the discharge of the Company's commercial expenditure and debts.

But this was not all. The Committee well knew that, from 1793 down to the period of their own sitting in 1812, frequent applications continued to be made by the Company to Parliament for relief, under commercial difficul-

\* This sum is made up as follows :

Borrowed in 1773 of government .....	1,400,000
Addition to bond debt in 1783 .....	500,000
Borrowed of government do. ....	300,000
Mortgage of annuities in 1786 .....	1,207,559†
800,000 <i>l</i> . added to capital do. yielding.....	1,240,000
Addition to bond debt in 1788 .....	1,200,000
One million added to capital in 1789, yielding..	1,740,000
Do. do. 1793, do.....	2,000,000

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Total.....£9,587,559

Exclusive of loans from the Bank, which, in as far as the same or other loans were repaid, could only be so discharged by the whole surplus revenue of India being left, as seen in the statutes above quoted, at the disposal of the Company.

† Whether any or what money was raised on this security is not stated. The whole sum still stands in the public accounts, as “ due by Government to the Company.”

ties ; that with a large surplus revenue in India, which they themselves fully admit, not one of the grand anticipations of Mr. Dundas in 1793, (*p.* 593-4.) with a trifling exception in the two succeeding years, of 250,000*l.* each into His Majesty's Exchequer, had even a beginning ; that even this trifling attempt was mere delusion, for, in the same year, or 1794, the 33d of the King, cap. 47., having required the bond debt, then 3,200,000*l.*, to be reduced to 1,500,000*l.*, in the attempt to do so, and to make shew of a payment into the Exchequer, further distress occurred, and a fresh application to Parliament for relief ; on which the Company were released from further reductions of the bond debt, its limit being extended to two millions, with liberty to borrow one million more.\*

The Committee also knew that, in 1797, the Company were empowered to add two millions more to their capital stock ;† but this was not availed of for the plainest of all reasons, that additions to capital were generally required by Parliament, to be employed in reducing bond debt — a salutary restriction which was afterwards repealed on account of the Company's encreasing difficulties.

From 1793 to 1795, the bond debt appears

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\* 34 Geo. 3. cap. 41.

† 37 Geo. 3. cap. 31.

to have exceeded two millions. From 1796 to 1804, it was kept under two millions. After that year, a progressive encrease appears; so that in March 1807, it amounted to 2,882,775*l.*, when the Company were empowered to raise a further sum on bond of two millions, so that the limit of the bond debt was thus extended to 5,000,000*l.*\*

The bond debt being on the 1st of March 1810, 4,900,000*l.*, and the Company still in distress, they were further empowered to borrow two millions more on bond; thus making the limit of the bond debt seven millions.†

It must also have been known to the Select Committee, that the Company were obliged, in 1811, to borrow from Government in Exchequer bills 1,500,000*l.* more; and that their bond debt, on the 1st of March 1812, had encreased to 6,565,905*l.*; and in all probability further known to them, that in 1812, the Company had been obliged to borrow 2,500,000*l.* from His Majesty's Government to meet pressing home demands.

With these important facts, thus within the ken of Parliament and of the Committee—with a series of commercial embarrassments, from year to year, pressed on their notice,

\* 47 Geo. 3. sess. 2. cap. 41.

† 51 Geo. 3. cap. 64.

and arising in two particular instances from the necessity which the government of India had unhappily imposed on the Directors of *paying for some of their investments, instead of getting the whole for nothing*—with scarcely a fraction of the known surplus revenue of India passing into His Majesty's Exchequer, but, on the contrary, appropriated to discharge the Company's commercial debts—with a full knowledge of the many millions borrowed, or raised under the authority of Parliament, to relieve the distress of their home affairs, and to save them from impending bankruptcy—with such plain indications before the Committee of the prosperous state of territory, and the beggary of commerce—it is, I repeat it, unaccountable that no suspicion should have been excited, either in 1793 or in 1812, as to the commercial origin of the Company's embarrassments and debts. Suspicion however slept. Mr. Dundas pronounced the Indian debt to be territorial; and territorial it was accordingly voted, and enacted, to be, without further consideration or enquiry, as to its real source.

It is foreign to the object of this chapter to examine the discussions which took place in 1793, as to the future administration of the British possessions in India; but it will not be

irrelevant to notice certain principles that were then established, and admitted on all sides, viz.

That the Company are, of right, by virtue of successive charters, a body corporate with perpetual succession, that is, entitled to remain a body corporate to carry on trade to the East Indies upon a joint stock, as well as His Majesty's other subjects. But

“ That all acquisitions, territories, &c. made by arms, or by treaty by the subjects of this realm, do of right belong to the state.”\*

A delegated authority was thereon granted to the Company to administer the political affairs of India for specified periods; during which it was intended and declared that they should remit, through their trade, the *surplus* revenue of the Indian territories, so that the said *surplus* might be “ made to flow home for the benefit of the proprietors, and of the public at large.”†

In respect to the Company's right to be a

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\* Opinions of Mr. Yorke, Attorney General, and of Mr. Pratt, Solicitor General.

† Bruce's Plans, p. 5 and 187. *et seq.* On this occasion Mr. Dundas “ succeeded in persuading Parliament and the nation, that India had fairly begun to be, what India would continue to be, a *vast source of wealth to the nation*, affording a *surplus revenue* sufficient to enrich the East India Company, and contribute largely towards the maintenance of the British Government itself.”—Mill, vol. iii. p. 362.

perpetual trading Company, I presume it requires no argument to prove, that the power which invested them with this right—avowedly at the time to promote the public good—may, when the public good shall obviously require it, with equal justice and propriety, cancel or repeal the right.

The other principle had equal reference to the best means of promoting the public benefit. If the splendid anticipations of Mr. Dundas had been realized—if, out of the produce of investments at home, the Indian debt could have been reduced, as proposed, to 2 crores of rupees — if the annuity of 500,000*l.* per annum to the public had been paid—if the other debts of the Company had been paid, and the bond debt permanently reduced to 1,500,000*l.*—and, if the guarantee fund of 12 millions, or any part of it, had been made up, some plea might have been raised to justify so improvident an appropriation as a crore of rupees annually out of the territorial revenues of India ; it might, in such case, have been admitted, however unwise the means, that the object had been partially attained. But unhappily every one of Mr. Dundas's proposed appropriations of surplus profits resulted in disappointment. Two half-yearly payments, of 250,000*l.* each, on account of the annual 500,000*l.* to be paid



into His Majesty's Exchequer for the use of the public, were made in 1793-4 and 1794-5, when the "perennial stream" ceased to flow, and has been dried up unfortunately ever since.\*

The great error in 1793, lay in continuing the union of territory and commerce in the same hands. It might easily have been foreseen, that when the legislature authorized commerce to help herself from territorial funds, she would readily do so (and more especially when lacking funds of her own) without any nice regard either to measure, or the convenience of the contributor. It might as truly have been foretold that funds, thus easily procured, would be heedlessly, and wastefully, expended. In administering the affairs of the union the first consideration has always accordingly been the provision of adequate investments, to supply the Company's wants at home. The Court of Directors had, as we have seen (*p. 525.*) previous to 1793, peremptorily enjoined their government abroad, (and they have uniformly acted on the injunction since,) "*that every other consideration was to give place to the essential and primary objects*

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\* Vide Fourth Report Sel. Com. House of Com. 1812, with Appendix 48, and remarks thereon, in Rickards' Speeches, Part III. p. 208. *et seq.*

*“ of their investments.”* We have also seen (p. 579.) how the provision of these investments by draining the revenue treasuries led to the accumulation of debt. When therefore loans were raised abroad, they were without scruple placed to territorial account, for no other reason, that can be conceived, excepting that it was a hopeless matter to expect either principal, or interest, could be defrayed by the bankrupt partner of this united concern.

If then we were to enquire what benefit had resulted to the Proprietors of India stock, or to the public, from this happy, and united administration, the simple, if not only, reply must be, that the Proprietors of East India stock have with the aid of revenue, continued to enjoy their 8 and 10 per cent. dividends throughout the period, leaving to the public, with their territorial possessions, to bear all the sins of the union during its continuance, and the consequent responsibility attaching to its erroneous enactments in all time to come.

These, in a few words, are the simple and obvious results of the unnatural system of uniting revenue, and commerce, in the same hands. It has been argued, in defence of this system, that “the rendering the revenues of those (Indian) territories subservient to investments was a necessary consequence of

“ the acquisitions being made by a commercial body,”\* and a string of vague and crude reasons has been thereon founded to endeavour to prove the impolicy, in the peculiar case of the East India Company, of separating the united concern; and the impossibility of remitting the *surplus* revenue to England for the benefit of the public, except through the medium of the Company’s trade. That a commercial body making conquests should, if uncontrouled, apply the resources thereof to its own benefit is natural enough; but no excuse for government continuing so unnatural a union, in defiance of sound principle, and after its evils had been made manifest to all eyes, excepting those which might, but *would not*, see.

It may also be contended that the application of revenue to the provision of investments has been specially legalized, at least ever since the act of 1793. True, it has been legalized; but it would be difficult to consider this any other than an act of consummate folly, were it not, at the same time, admitted that such an appropriation of the territorial resources was conditionally legalized for the attainment of some other object, or objects; which objects, in the act of 1793, are stated

\* Bruce’s Plans, &c. p. 42.

to be the several appropriations of the surplus produce of the investments noted above. Now as none of these objects have been realized, beyond an amount not worth noticing, it follows, that the condition, or object of the appropriation has not been fulfilled; consequently that the advances of revenue to commerce can only be considered in the light of a loan or debt, which commerce ought to pay with interest, or duly to account for, to territory from the first advances in 1755, down to the present day.

Propped and supported, however, by this unnatural aid, the Company's trade proceeded, as might be anticipated, on a scale proportioned always to their home wants. It is a remarkable fact too, that in all the accounts presented by the Company to parliament, there are none that exhibit anything like a *precise* account of commercial profit or loss on the whole concern—none indeed from which any such exact account can be collected. Most, if not the whole, of these documents are mere estimates, with a multiplicity of avowed omissions, which none but the accountants in charge of the Company's books could accurately supply. The following statements are accordingly compiled from various documents, dispersed through a mass of printed official papers, delivered in to meet

some particular purpose, or some required object; and if inaccuracies shall be discovered in them (though trifling inaccuracies are of no importance as to the general result of the questions here discussed) the imperfect or unconnected state of the documents quoted must be allowed as an excuse.

Invoice amount of goods, stores, and bullion exported by the Company to India and China, from 1793-4 to 1808-9, or 16 years.—App. 5.

Third Report—with 10 per cent. added for charges ..... £38,154,872

Minus—*Stores*, as distinguished from woollens, metals, wine, &c. or goods for sale.—App. 35, Fourth Report ..... 5,855,116

Net commercial supply in goods and bullion for 16 years ..... £32,299,756

Bills of exchange on Court of directors from 1793-4 to 1808-9, or 16 years —minus the column of India debt.

—App. 6. Third Report ..... £14,940,916

Less bills in favour of the Court for the same period.—App. 38. Fourth Report ..... 994,073\*

————— 13,946,843

£46,246,599

\* This sum includes bills on government in favour of the Court. But in respect to the preceding sum, or bills on the Court, the appendix quoted contains the following remark :—  
“ It has been found impracticable to distinguish the whole amount drawn for *general purposes*, from the principal and interest of Indian loans, no complete separation having

Brought forward .....	£46,246,599
Deduct losses on outward voy- ages.—App. 7. Third Report .....	448,311
Total net supply from England to India in 16 years.....	£45,798,288
Invoice amount of goods <i>sold</i> by the Company from 1793-4 to 1808-9, or 16 years.—App. 25. Fourth Re- port of Sel. Com. 1812 .....	£47,489,995
Add amount lost on homeward voyage.—App. 47. Third Rep.	1,371,788
Do. commercial charges not add- ed to invoices.—App. 12. Third Report .....	2,783,848
Total returns by India and China.....	£51,645,631

From 1809-10 to 1828-9, or 19 years.

Invoice amount of goods and bullion exported by the Company to India and China, from 1810-11 to 1828-9, being 19 years.—No. 28 of “Papers relating to the finances of India, and the trade of India and China,” p. 66-7 .....	£24,625,583
Add for stores as per do. do. do. ..	*9,795,083
	£34,420,666

“been made in the advices; but the column of Indian debt  
“shews the amount drawn on that account, as far as can be  
“positively specified.” We shall probably, therefore, not be  
far wrong in allowing the surplus of one appendix to be set  
against the surplus of the other.

\* There are no means, in this instance, of separating the  
political stores from commercial stores, as in the former state-  
ment.

Brought forward . . . . £34,420,666

Commercial bills of exchange on court of directors for same period.

Nos. 33 and 34 of Papers, &c. . . . . £3,547,262

Less bills in favour. Nos.

29 & 30 do. do. . . . .	239,064	
	<u>          </u>	3,308,198

Net commercial supply to India . . . . . £37,728,864

Invoice amount of cargoes from China to England from 1814-15 to 1827-8, being 14 years.—No. 20, p. 34 of

“ Papers relating to the trade of “ India and China, June, 1829.” .. £26,611,422

Average\* of preceding amount for five years wanting to complete . . . . 9,504,078

Invoice amount of cargoes from India (Bengal, Madras and Bombay only) from 1811-12 to 1826-7, being 16 years.—No. 40 of “ Papers relative “ to the finances of India, Feb.

“ 1830,” at 2s. per current rupee.. 22,010,372

Average\* of preceding amount for three years wanting to complete .. 4,126,944

Total imports from India and

China for 19 years . . . . . 62,252,816

\* These averages are taken for want of means to state the exact amount of returns in the years specified.

The period of the latter statement is taken from 1810-11 to 1828-9, instead of from 1808-9 to 1827-8, because the documents referred to extend no farther back than the first mentioned year.

Brought forward . . . . .	£62,252,816
Commercial charges not added to invoices.—Nos. 10 and 11 of Papers, Feb. 1830 . . . . .	935,212
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Total returns from India and China in 19 years . . . . .	£63,188,028

The preceding accounts are only calculated to give a general view of the course, and value, of the Company's trade. Precision in respect to their commercial operations, or the results, is, as before observed, utterly unattainable from the documents in print. In the foregoing statements, for example, and the accounts from which they are taken, cargoes and charges — goods and stores — bills of exchange commercial and political—are so blended as to render accurate distinction impossible. “Commercial charges not added to Invoices” constitute a separate head in the Company's accounts ; but no man, acquainted with the Company's commercial establishments and buildings abroad, can for a moment conceive it possible that they can be maintained at so small a cost as that above given. The supplies to Bencoolen, St. Helena &c. are stated in the first period to amount to 3,732,393<sup>l</sup>.<sup>\*</sup> and in the second period to

<sup>\*</sup> App. 51, Fourth Rep. Com. House of Com. 1812.



4,134,278*l.*,\* together 7,866,671*l.* one half of which, according to the opinion of the highest authorities who have examined these accounts, ought to be borne by the commercial head. There is besides a most costly establishment in China, of which, although part be paid at home, the remainder must necessarily be disbursed abroad. These charges therefore, properly adjusted, would add to the weight which ought to fall on commerce, but which is now, as I conceive, improperly charged on territory.

On the other hand the political charges paid in England may be considered in the nature of a supply to India. In the first period these charges are stated to amount to 5,572,517*l.*† for 16 years, and in the second period to 26,738,763*l.*‡ for 19 years.

It is not to be expected that the political charges in England, and the surplus revenue abroad, would balance each other; for these, with many other charges, including bills for principal and interest of India debt, are defrayed in England from the sale proceeds of homeward cargoes. An exact application

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\* No. 2, p. 15, of Papers relating to the finances of India, Feb. 1830.

† App. 46 to Third Rep. of Sel. Com. House of Com. 1811.

‡ No. 2, p. 15, of Papers relating to the finances of India, &c. Feb. 1830

therefore of the surplus to particular payments could not be given without reference to the Company's books, which, as before observed, are not accessible to the public.

All therefore that can, with certainty, be collected from official accounts and records in print—and this constitutes the most important question of the whole inquiry—is, that ever since the year 1765 territory, in other words the revenues of India, and loans, have furnished the only funds on which the Company's trade either was, or could be, carried on. Their own subscribed capital, first of 3,200,000*l.*, and afterwards of 7,780,000*l.*, had long vanished, or been absorbed by losses, wasteful expenditure, or in dormant and unproductive property. The “*revenue investment*,” to the extent of one million sterling and upwards per annum, was the constant boast of the governments of India, previous to 1793. A large surplus revenue, with expectations of increase, was also the boast of Mr. Dundas (*vid. p. 592 and 606.*) and its application to investment the ground work of his proposed magnificent appropriations; (*vid. p. 594.*) and this application, sanctioned by successive Acts of Parliament, has been the invariable practice to the present day. As far then as published records go, we are

authorized to conclude, that the revenues and loans of India constituted then, as now, the Company's trading capital; that territory furnished the only means of enabling the Company *not only to make home payments, but to furnish exports in return to India*, as once openly avowed (*vid. p. 526, Ch. III.*) by the Bengal Government; and that the same fact was equally and unequivocally confirmed by the Court of Directors in their memorable declaration (*vid. p. 521. Ch. III.*) that their "*revenue investments*," and the proceeds thereof in England constituted "*the only channel of their receipts*."

When therefore the Act of 1813 supposes the political or territorial payments in England to be an advance from real commercial funds, which the governments abroad were required to replace, in the following year, by corresponding advances to the commercial department, they completely reversed the order of facts. The original advance proceeded clearly from territory; without which commerce must have stopped payment long ago in England. The proof of this most important fact seems irrefragable; and consequently to confirm Mr. Warren Hasting's declaration (*vid. p. 318. Ch. III.*) that territory "*has alone supported the Company's commerce*," or,

as he says in another place, furnished it with  
 “ *investments virtually for nothing.*”

It would be a vain task to attempt to exhibit any thing like a balance of profit or loss on the preceding series of commercial adventures. The omission of charges, which uniformly and habitually occur in the Company's estimates of commercial profit, has been more than once noticed in these pages. In one of the plans for British India detailed by Mr. Bruce\* there is a remarkable confirmation of our remarks on this head. It is too long for a quotation; but the reader may refer to it from the following abstract. An estimate (for we have nothing but commercial estimates any where) of the Company's trade is presented, taken as an average from aggregate amounts in preceding years, in which it is computed that 1,110,000*l.* are annually required to “ provide investments in India,” and 1,500,000*l.* to “ provide investments in “ China; ” that the sale proceeds of these investments in England would average 4,700,000*l.*; and that after deducting prime cost, with no other charges than, “ freight, “ customs, and charges of merchandize in “ England,” this would leave a profit on the

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† Bruce's Plans, &c. p. 226. *et seq.*

India trade, of .....	£90,000
And on the China trade of .....	375,000
To which is added profit, being the duties collected on private trade.....	70,000
And interest on debt due by government -	36,226
Total.....	£571,226

And this is called their home profit, or commercial revenue.

But it is added, that on framing this estimate, freight is taken at the reduced rates, payable in time of peace, and no allowance made for the hazard of the seas, or of enemies, for expences of recruits, and pensions to superannuated officers and servants, together per ann.	40,000
For annual interest on India debt transferred home .....	105,000
For do. on 3,200,000 <i>l.</i> bond debt .....	128,000
For dividend on capital stock of 5 millions at 8 per cent. ....	400,000
	<hr/> 673,000

Leaving, therefore, an excess of charge, of....£101,774

To this may be added the charges of merchandize in India, which seem to be omitted in the estimate, together with the “commercial charges not added to invoices.” The latter is stated in the appendices to *Chap. II.* to amount to 121,299*l.* per annum, though greatly, as I conceive, under-rated.\* The es-

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\* In the Second Report of the Committee of Secrecy of 1772, p. 30, the expence of commercial buildings and forts, between 1757 and 1772, is stated to be 3,728,552*l.* or per ann. 248,570*l.*

timate also supposes neither profit, nor loss, on the export trade ; although, in other official documents, a considerable loss is admitted. With these additions it is manifest that the whole loss on the Company's trade at this time, or deficit of what is called their commercial revenue, must have amounted to several hundred thousand pounds per annum, and may therefore easily account for the constant accumulation of debt.\*

The difficulties of unravelling the Company's commercial accounts were not confined to this period. A Select Committee of the House of Commons was employed, from 1809 to 1812, on a very laborious investigation of the Company's affairs ; and their five Reports, with their several appendices, contain a mass of important and useful matter. Valuable, however, as these documents are, the two most important points of the whole enquiry did not attract so much of the Committee's attention as could be desired ; and being left

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\* In page 13 of the Fourth Rep. of the Sel. Com. of the House of Commons in 1812, there is a similar estimate of profit. These documents are referred to as being of authority, to shew that our remarks, in respect to the habitual omission of real charges, are fully borne out. Mr. Moreau's Tables, p. 24, contain another proof of the same fact as to the habitual omission of actual commercial charges on the Company's estimates of profit.

by them in an imperfect state, I shall chiefly devote to these points the remainder of the present chapter.

First—A prominent feature in all the Company's accounts, which have been submitted to the public since 1793, is a constant and striking tendency to lighten the commercial head of every possible charge, for which the slightest pretext can be devised for transferring it to the territorial head; consequently to load territory with a mass of charges, which are neither of a territorial origin, or character; and by afterwards blending the whole in one account, to render the difficulties of analyzing it insurmountable.

Secondly—The absolute certainty of a surplus revenue, which flashed upon the Committee at the commencement of their labours, and which they must have been at once sensible was utterly incompatible with territorial debt; but which important fact the Committee had no sooner discovered than it was consigned to neglect, and never afterwards followed out, or noticed in the subsequent course of their enquiries.

Under the first of these heads may be noticed the delusion through which the Company's debts abroad were conceived to be territorial, and accordingly charged by the Act of 1793, both principal and interest, on the

revenues of India—an error which could never have been committed by Parliament, had this matter been properly investigated, and well understood ; neither could it have occurred, if territory and commerce had been at this time two separate persons, or separate bodies, vigilant in the protection of their respective interests and rights. The union of these two branches in one body is, indeed, the sole cause of that mystification, and obscurity, which pervade the whole of the Company's commercial accounts submitted to the public ; which the Select Committee of 1809 to 1812, declared themselves utterly unable to unravel ; which has defeated the most persevering industry of individuals ever since that time, to analyze and explain ; and which, as the accounts are still exhibited to the public, would defy the skill of the ablest accountant in existence to reconcile with known and undeniable results.\*

Another charge in the Company's accounts which attracted the attention of the Select Committee in 1809 to 1813, is the expense of

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\* Mr. Bruce in admitting this fact gives the following reason for it. “ The conclusion therefore is, that the revenues from India could only be realized through the trade, [rare discovery !] “ and that the whole of the Company's concerns is made up of “ parts mutually supporting each other, and incapable of being “ reduced to the mercantile idea of a distinct profit and loss “ from each transaction.”—Bruce's Plans, p. 322.



maintaining the factories of Bencoolen, St. Helena, and Prince of Wales's Island. The two former were never, from their first establishment, anything more than commercial stations; the one for the purchase of pepper, and the other for the accommodation and refreshment of the Company's homeward bound ships. Previous to 1765, these settlements were supported from commercial funds, there were then no other in fact to bear the charge; but no sooner did revenue abound from the Dewannee grant, than the charges of the two factories were transferred to be borne by territory. Upon fixing a settlement at Prince of Wales's Island with so good a precedent for a guide, the expences of this settlement also were unhesitatingly placed to the same head, although the object of the establishment was its becoming a commercial depôt for goods for the China market.\*

The Select Committee were of opinion that these charges fairly considered ought not to be wholly borne by territory. In their nature, as well as their origin, they were at least partly commercial; and in this view the committee proposed an equal division of the charges between the territorial and commercial

\* Bruce's Plans, &c. p. 310.

branches ; but this not satisfying the Directors, the Committee adopted a curious alternative of raising in the accounts for these particular charges a separate head termed “Doubtful,” and to this head they were accordingly placed by the Committee. But doubtful, or not doubtful—the Directors cared little for the scruples of others, or the equitable division which the Committee had proposed, and though the Board of Controul, in their boasted plan for the separation of the account, also ordered these charges to be divided, still the whole expense of maintaining these commercial factories has been uniformly continued as a territorial charge to the present day.\*

The expense of commercial buildings, which are numerous all over British India, nowhere appears as a separate, or as a commercial charge ; whence there is but too much reason to infer, that this also is included among the burdens of territory to make the load of commerce light.

In the Second Report of the Committee of Secrecy, we have as before observed, (*p.* 620.) an account of the cost of buildings and fortifications,

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\* The proceedings of the Sel. Com. will be found in their Fourth Report of 1812, App. 51. In the plan for the separation of accounts, the board, speaking of Bencoolen, say, that the military establishment should be charged to the political head, and the civil establishment to the commercial.

amounting to 3,728,552*l.*, all of which, or as much as was disbursed previous to the Dewanny grant, must have been defrayed out of commercial funds. In later times we have no separate account of the cost or repair of commercial buildings as attaching to that department, and if not borne by territory, the contrary should at least be shewn.

The Committee also notice loans raised in India for commercial purposes, but without placing them to the commercial head, or attempting to relieve the territorial of any portion of the whole burthen. In their Second Report, p. 65., they observe that, “ the sources  
“ from which funds have been derived, from  
“ year to year, for the supply of the combined  
“ operations of government and commerce,  
“ were the revenues of the territories, and supplies from Europe either in bullion or exports, or by bills on the Court. When the  
“ aggregate amount of these heads has not  
“ been sufficient, to defray the expenses of  
“ Government, to provide investments, and to  
“ remit supplies to China, money has been  
“ raised on loan.”

In p. 359 of their Third Report, the Committee again notice the monies raised by loans, but merely to state “ the impracticability of  
“ distinguishing what part of these monies  
“ was applied to commercial, and what part

“ to political purposes”—adding, that in the thus blended state of the Company’s accounts, “ the question of a distinct view of the proportion of the Indian debt which is to be termed political, or commercial, must remain undecided.”

With the conviction on the Committee’s mind, that a part at least of the Indian debt was commercial, and with the mass of recorded facts bearing on this matter within the Committee’s reach, it is surprising they should have so easily dismissed a question of vital consequence to the whole of their enquiry. They must have known that a large surplus revenue existed in India after paying every description of territorial charge averaging, from 1765 to 1793, about a million sterling per annum ; that the Indian debt during this period had encreased from 756,680*l.* in 1765 to 7,971,665*l.* in 1793, including floating debt;\* that with so large an *annual* surplus of revenue it was obvious to common sense, that this encrease of debt could not possibly have arisen from territorial causes ; and consequently that what was not territorial, must necessarily be commercial. Still the Com-

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\* *Vide p. 581. supra.*

mittee, having, as above, satisfied themselves of the impracticability of appropriating the debt in due proportions to either branch, coolly suffer it to remain where they found it, wholly saddled on territory, although acknowledging at the same time, that a portion at least actually belonged to commerce.

In 1784, the Board of Controul was established, and the expense of that Board, by the subsequent act of 1793,\* was expressly made a commercial charge. The Court of Directors however thought differently on this head, and perhaps with greater reason, as to the nature of the expence, than in respect to either of the others beforementioned; but the placing of it among territorial charges† in the teeth of an act of Parliament to the contrary, is a striking proof of the uniform propensity of the Court of Directors to favour one cherished branch of their concerns at the expense of the other; to lighten in fact the weaker member, by loading, or rather overloading its stronger associate.

With all this anxiety to transfer commer-

\* 33 Geo. 3. cap. 52. s. 5.

† In App. 46 to Third Rep. of Sel. Com. of 1811, this charge will be found classed under the territorial head.

cial loads, to be borne by territory after the acquisition of the Dewannee, it would have been but common justice to concede to territory that which the rights of sovereignty would clearly entitle it to receive, viz. the same customs or duties on the Company's trade which attached to the trade of individuals. It has always been a favourite object with the Company, even before the acquisition of territory, to get their own trade exempted from duties — in neighbouring states. We have seen (*p.* 470.) that this object was once deemed worth the expence of an embassy to the court of the Great Mogul ; and that the privilege then procured was a main cause of those disgraceful scenes in Bengal, which terminated in our acquiring dominion in the East. With the possession of sovereignty in the hands of the Company, they naturally continued to their favourite commerce, the exemption from duties, so that commerce has benefited, and revenue lost the sum total of these duties from the year 1765 to 1813, inclusive, when the Act 53 Geo. 3. c. 155. s. 24. required them to be imposed on the Company's trade. How, or in what manner, territory has the benefit of these duties — whether in the shape of actual cash payments, or by credit in

account — since 1813, I cannot tell ; but it is clear, that in any adjustment of accounts between territory and commerce, previous to 1813, founded on the principle of separation prescribed by that act, territory should, in common justice, be credited with the amount of these duties. As being a debt due by commerce to India, it would go a great way as a set-off against the payments made by commerce for territory in England. The amount cannot be collected from the documents in print.

Let the reader, however, apply this principle to the attempt made in June, 1830, (*vide p. 484. Chap. II. and the Appendices, A.B.C.*) to prove the origin of a debt asserted to be due by territory to commerce, and he will at once see, in addition to the other facts there stated, how completely the attempted explanation fails—but

Secondly —The most important feature in all this enquiry, and which it behoved the Committee of 1809 to 1812 to have followed out, above all others, to a satisfactory and perspicuous issue, but which they unaccountably neglected to do, was the ascertained fact of a surplus revenue throughout the period of their enquiry—or from 1793 to 1808-9. They

first advert to the investigation of this point, which took place on the renewal of the charter in 1793, when every exertion, they say, was made to discover the extent of the Company's resources political and commercial ; and accurate calculations were thereon founded, whence it was estimated that, in 1792-3, there was a large surplus of territorial revenue, after paying interest on Indian debt ; and that a principle was thereon established for the future application of the surplus produce of the revenue, which, on these calculations, was fairly expected to arise.\*

The Committee then proceed to state, that after paying every charge incurred in the government, or defence, of the possessions in India, but exclusive of supplies to Bencoolen, and other commercial charges, and interest on the debt, there was a clear surplus in 1793 of . . . . . £1,775,500  
And that, on the same principle,

there would remain a surplus in

1808-9 of . . . . . 2,373,831

Whilst, in the intermediate years, a similar surplus existed with the exception of two years only, viz. 1805-6 and 1806-7 ; in which years

\* Second Rep. p. 13, and App. p. 75 & 76.



the expense of the Mahratta war occasioned an excess of disbursement.\*

With these facts before the Committee in an early stage of their proceedings—with a full knowledge of the means thus possessed by territory to clear off, in a short time, the whole debt existing in 1793, from whatever source it may have arisen—and that with a large surplus in every successive year, but two, the subsequent encrease of debt could not possibly have arisen from *territorial* causes—how greatly is it to be regretted that the Committee should, at this stage, have dropped their investigation of so important a point. For, by this alone, they might have solved all the “difficulty,” the “obscurity,” the “impracticability,” they afterwards experienced in their attempts to exhibit a satisfactory view of the Company’s commercial operations; inasmuch as the Company, having only two concerns—the territorial and commercial—if a clear statement of all that belongs to one can be shewn, all that remains must necessarily attach to the other.

We must now advert to the financial state

\* Second Rep. p. 60. This is a more favourable view than that which I have extracted from the official accounts, and which will be found in a subsequent page.

of the united concern for the remaining period, or from 1813-14 to 1827-8. By the 53d G. 3. cap. 155., the territorial acquisitions in India, and islands north of the equator, are continued in the government of the East India Company, together with their exclusive trade, until the 10th day of April 1834 ; but on the express condition, that these acquisitions, “ with the revenues thereof respectively, shall “ remain and continue in the possession, and “ and under the government, of the said United “ Company, subject to such powers and authorities for the superintendence, direction, “ and controul over all acts, operations, and “ concerns, which relate to the civil or military “ government, or revenues, of the said territories, and to such further and other powers, “ authorities, rules, regulations, and restrictions, as have already been, or shall hereafter be, provided by Parliament.”

It is also provided, in sec. 4. of this Act, that the corporation of the Company—that is, their right to trade on a joint stock in common with others (granted by 9 & 10 W. 3. cap. 44.) is not to determine at the expiration of the abovementioned period.

In virtue of the powers above reserved, the Act then proceeds to make appropriations of

the Indian revenue, and which are directed to be applied “ in the following order of preference, and to or for no other use or purpose, or in other manner whatsoever.”

First, In maintaining forces, &c. for the government and defence of the country.

Secondly, In payment of interest on Indian debt, for which *separate remittances, or consignments, to be made for such part as is payable in England.*

Thirdly, In defraying expences of civil and commercial establishments.

Fourthly, In liquidation of territorial debt or bond debt, (subject to a subsequent provision,) with the approbation of the Board of Commissioners.

Fifthly, To provide investment, or remittance, to England in each year, equal to the amount of payments from commercial funds at home, in the preceding year, on account of territorial charges, “ after deducting therefrom the charges of the commercial establishments, and all the commercial charges in India, which may have been paid from the territorial revenues in the same year.”

The profits of the Company in England, of which the most brilliant expectations seem again to have been entertained, are next ordered to be applied :—

First, In payment of bills of exchange.

Secondly, In payment of debts, interest, and other commercial outgoings (the principal of the home bond debt always excepted.)

Thirdly, In payment of a dividend of 10 per cent. till the Company's "separate fund" (*vide p. 587.*) shall be exhausted, and then  $10\frac{1}{2}$  per cent.

Fourthly, In liquidation of Indian debt, or of home bond debt, as the Court of Directors, with the approbation of the Board of Controul, shall direct.

The Act then goes on to provide for the payment of the  $10\frac{1}{2}$  per cent. dividend, previous to that of the territorial charges, and in the event of a deficiency of commercial profits at home to discharge dividends, the same is to be made good out of surplus territorial revenues; —after which, the 59th sec. provides,

Fifthly, That after the debt in India shall have been reduced to 10 millions, the surplus of territorial revenues and home profits shall be applied in repayment of the capital of any public funds which may have been created for the use of the Company.

Sixthly, To form a guarantee fund of 12 millions for the capital stock and dividends; after which, if any surplus remains, one-sixth to be at the disposal of the Company, and

five-sixths at the disposal of Parliament—and

Finally, Parliament deeming it, I presume, hopeless that payments would ever be made of the 500,000*l.* required by Act 33 Geo. 3. cap. 52., to be annually paid into the Exchequer, give the Company a quietus on this head, by repealing the provisions in that Act regarding it.

The 64th sec. of the Act of 1813, then enjoins a complete separation of the territorial and commercial accounts; which we shall first advert to, that we may see how far the appropriations of the Act have been made in conformity to this express injunction. The separation was enjoined, in consequence of the Select Committee of 1810 to 1812 being unable to submit to Parliament a distinct and separate view of the two branches of the Company's concerns, as the accounts were then constructed. The object of the legislature, therefore, in this enactment cannot be misunderstood; which was so to separate the accounts of territory and commerce, that each might be complete in itself; to avoid that blending of items, which to the Select Committee had been a source of inextricable confusion; and to cause advances and payments, on either side, to be as regularly debited and

credited in account, as if they had been made by, or in behalf of, two unconnected and independent bodies.

But it is sometimes an easier matter to evade an Act of Parliament than to make it; and, in this instance, the evasion is complete.

That the same interpretation was, at first, given to this Act by the Court of Directors, is evident from the instructions sent out by them to the Government General of Bengal, in their letter of the 6th of September 1813. In this letter the Court refers to the 64th section of the act as “directing the *entire* separation of the “territorial or political from the commercial “branch of our affairs.” The Court accordingly orders books to be kept, “so as to contain and exhibit the accounts of the territorial and political departments separately “and distinctly from such as appertain to, or “are connected with, the commercial branch “of our affairs, according to the letter and “spirit of the act.” Again — “We cannot “more distinctly explain our views of the construction of the sections of the act which now “have been brought under notice, than by observing, that although the management of the “whole as one concern remains with us, it is requisite that the political branch should be con-

“sidered as an affair of government, the commercial as that of a mercantile transaction ; and by debiting and crediting in account the transactions between them in advances and supplies, as if they were absolutely distinct and separate concerns ; *so that accounts of receipt, expenditure, and balance, may be duly rendered by EACH RESPECTIVELY in the way required by parliament.*”

The Court of Directors contemplating at this time heavy drafts being passed on them from India on account of Indian debts, the interest of some of their loans being made payable in England, proceed to explain that these drafts are to be provided for,

1st, By the repayment in England of advances made on account of His Majesty’s government abroad :

2d, By monies received from merchants into the London treasury for bills on India :

3d, By advances to merchants in India on goods consigned to England, for which bills to be remitted ; and when these sources of supply prove insufficient, goods are required to be purchased in India, and consigned to the Court, to the amount of the deficiency ; on which head the Court further observes — “ In the event of a remittance being made through the channel of our commerce, the *transaction*

*“ must be considered entirely distinct and separate from our own immediate commercial proceedings, and brought to account accordingly. A separate invoice of the goods purchased by the advance thus made must be transmitted, as the proceeds in England are to be carried to account in direct connection with the political branch of our concern, being solely applicable to the liquidation of bills of a political nature.”*

Here we have a rule in the true spirit of the act of 1813 ; but it must be observed that this rule is just as applicable to all other territorial payments made in England, as to bills of exchange for Indian debt ; and contains the principle on which the territorial accounts ought to have been kept, and “ the receipt, expenditure, and balance, thereof duly rendered.”

The act moreover does not absolutely confine the remittance of territorial funds to goods. It might have been made in bills or bullion, &c. if more advantageous to territory ; but territory has had no option in the matter ; the remittance, or by far the greater part thereof, has always been made in goods, at the sole will and option of commerce, and with a view exclusively to commercial advantage.



In the plan afterwards concocted between the Court of Directors and the Board of Controul, for the separation of accounts, these principles seem to be wholly lost sight of. We find nothing in the plan applicable to this part of the subject but a few general remarks by both parties; no specific arrangement, or pro formâ statements, to show how “the receipt, expenditure, and balance” of each branch should be separately exhibited. All we find is, that an account was to be opened in the ledger, called “territorial account;” to be debited with all territorial payments made in England, and credited with all advances made to the commercial boards in India; that the political payments in England, together with the exports to India in one year, should constitute the funds for providing return cargoes to England in the ensuing year — thus amalgamating both branches as before; whilst, in the fifth article, relating to remittances to meet bills of exchange from India on account of Indian debt, the Board of Controul have the following remarkable passage. “In reference to “the several discussions which have taken “place on this subject, the Board have thought “proper to agree that an arrangement be “made on the following principles. The ba-

“ lance found remaining under this head of  
 “ account at the close of the year, after giving  
 “ full credit for all remittances received from  
 “ India in the course of the year, whether in  
 “ bills or certificates upon government, or  
 “ bills upon individuals paid or payable, or  
 “ in receipts from individuals for bills on  
 “ India, to be added to the amount of territo-  
 “ rial charges to be repaid from the political  
 “ treasury in India to the commercial depart-  
 “ ment there, and to be applied by that de-  
 “ partment at the option and risk of the Com-  
 “ pany. But the amount of this balance to  
 “ be converted into Indian currency at the  
 “ rate of exchange at which the bills may be  
 “ drawn, provided always, that, if, in any  
 “ year, the Company’s trade from India shall  
 “ not realize upon average *2s. 6d.* the Sicca  
 “ Rupee, the political department shall be  
 “ debited for the amount of the deficiency,  
 “ which shall be found to have arisen on the  
 “ sum to which this head of account relates.”

Now if territory is intended by this article  
 to bear the loss of all that a remittance in goods  
 falls short of *2s. 6d.* the Sicca Rupee, it ought  
 on the other hand to have the profit of all  
 that is realized above it ; but the plan is silent  
 on this head. Territory has never the good  
 luck to be thought worthy of profit. It is

the loaded ass of the joint concern, and only kept to bear its burthens.\*

Whether the accounts in India are separated on the principle laid down in the

\* It is rather difficult to get at the real meaning of the Board of Controul in the above quoted sentence — if literally interpreted, we might for example,

Suppose a bill remitted in 1830 from India for interest of Indian debt—say 100 Rs. at 2s. per rupee	£10 0
To be added to territorial charges paid in England in the same year	10 0
Total	20 0

An investment would have to be provided in India in 1831. to the amount of 200 Rs. (the same rate of exchange as the bill), which, if realizing to the Company a remittance of 2s. 6d. per rupee, would be equal to 25 0

And the difference, or 5*l.* would be commercial profit ;  
but if the goods only realized 2s. 3d. per rupee, or 22 10  
Territory would be debited with the difference, and have to sustain a loss of 2*l.* 10s. while commerce secures its 5*l.* profit as before.

If, on the other hand, the remittance should realize 2s. 9d. the rupee, or 27 10

The whole profit would still, I presume, go to commerce, as no provision is in this case made in favour of territory.

But this would be so flagrant an injustice to territory, that one cannot believe it to be the real meaning of the Board. Whatever other meaning, however, the sentence has, must be explained by those who framed it.

Court of Directors' letter of 6th Sept. 1813 we cannot exactly say, as the books of each presidency are not before the public ; but in the only annual account laid before parliament of the receipts and disbursements of the home treasury,\* (as will be seen presently) all is again blended. The chief item in this account is the sale proceeds of goods, out of which, with some other receipts, all payments territorial and commercial are made. It is consequently impossible to draw any satisfactory conclusion as to what portion of the goods belongs to territorial, and what to commercial, payments. And we are, consequently, as far removed as ever from any thing like accurate or true results of the Company's commercial operations, or from knowing how their territorial, and how their commercial, funds have been specifically or separately applied.

Our attention may now be directed to the appropriations of the Act of 1813 above particularized, and to the " order of preference"

\* The reader will find these annual accounts compressed into one general statement, extending from 1815 to 1823-9, in " No. 21 of the Papers relating to the finances of India, " and the trade of India and China presented by his Majesty's " command, Feb. 1830." p. 42.

therein prescribed ; for this order, as far as it could be acted on, seems also to have been disregarded in the subsequent operations of the Company.

In the first place, the second and fourth appropriations of the revenue to the liquidation of both interest and principal of debt take precedence of the appropriation for investments on account of territorial charges paid in England. These are the only appropriations of revenue to investment ; commerce, as would seem, being left to provide for itself. It will however be seen presently, that there was abundant revenue in India, after defraying every description of territorial charge abroad and at home, to discharge debt ; yet, strange to say, the Indian debt, instead of being diminished, continued largely to encrease, contemporaneously with a large and encreasing surplus revenue.

We find, indeed, in the next place, on referring to No. 21 of the “ Papers relating to “ the Finances of India, &c., Feb. 1830,” that Asum for principal of debt, amount-

ing to	.	.	.	.	.	4,891,593
And do.	interest do.	.	.	.	.	, 9,561,315

Total . . . £14,454,908

were paid from the home treasury in 15 years, or between the years 1814-15 and 1828-9; that is, after the separation of accounts prescribed by the Act had been, or pretended to be, effected; but we have no statement of separate remittances on this account, no separate invoice, and no separate account sales, as required by the instructions of the Court of Directors, (*vide p. 637.*) founded on the provision of the Act. On the contrary we are informed by official authority, that “all the “advances in India and China for the pro- “vision of investments, are made generally as “well without distinction in respect to the “ultimate destination of such investment, as “without reference to the particular source “whence they are derived.”\* The whole, therefore, whether for the payment of debt, or of territorial charges in England, or for commercial purposes, is blended in one general statement at home, as if no particular separation of accounts had been enjoined. Since these advances were thus indiscriminately made, we may also fairly question, whether they were made after deducting all commercial charges paid in India, as required by the Act.

All then that we can collect from No. 21 is,

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\* No. 13 of Papers relating to the Finances of India, &c. Feb. 1830.

that the gross sale proceeds of the goods disposed of by the Company, from 1814-15 to 1828-9, together with the other receipts therein specified, were just sufficient to defray all the territorial, and all the commercial, charges paid in England during the period, including the principal and interest abovementioned of Indian debt. The two sides of this account balance each other, with the exception of a small excess on the side of receipts, viz.

The total of territorial receipts is	
stated at .....	£8,516,331
Do. commercial receipts including	
sale proceeds of goods ....	96,516,263
Do. do. on account of private	
trade .....	46,599,450
	<hr/>
	£151,632,044
Add, for tea duties from Mr. Mel-	
vill's evidence, 17th June,	
1830 .....	50,184,113
	<hr/>
Total Receipts.....	£201,816,157
The total of territorial payments	
including principal and inter-	
est of Indian debt, is .....	46,291,485
Do. of commercial payments ....	58,239,228
Do. do. on account, private trade	
.....	46,715,628
	<hr/>
	£151,246,341
Add for tea duties from Mr. Mel-	
vill's evidence, as above ....	50,357,075
	<hr/>
Total Payments.....	201,603,416
Net Balance in favour of Receipts .....	<hr/>
	£ 212,741

But the receipts and payments, as well territorial as commercial of the home treasury, being thus compressed into one general account, contrary to the intentions of the legislature, which had made separate appropriations for the discharge of debt, and of the territorial charges in England, is not the only remarkable feature of this account. A careful analysis of its contents will be found strongly to corroborate the important fact, which is, indeed, equally inferrible from various other official documents, viz., that ever since 1814, the annual investments have continued to be, as in former times, purely “venue investments”—in other words, that all the advances in India for the provision of investment do, as formerly, uniformly proceed from the one only source which can supply them, viz. the funds of territory. When, therefore, the authorities at home talk of separate commercial funds, and of the exports to India being exclusively the produce of such funds, we cannot forget the admission of Mr. Hastings’ government, (*p.* 526 *and* 530.) that the revenue investments were so regulated in India as not only to defray all home charges, including bills of exchange on the Court, but *likewise to provide exports in return to India;*



neither can we forget the memorable declarations of the Court of Directors themselves, that the produce of these revenue investments constituted "*the ONLY channel of their receipts;*" and that "*to reduce these investments was to deprive them of the ONLY MEANS they had to answer home demands,*" (521 and 525.) If then the case be different in present times, it behoves those who have access to the Company's books to prove it; for it is impossible to discover, from the records in print, anything like a separate commercial capital adequate to the operations of the Company's trade; or to conceive that other and more satisfactory commercial accounts would not be presented to the public, if any such separate fund, or capital, really existed.

But besides the frequent expression of my conviction, that the Company's trading capital was wholly supplied from the territorial funds of India; I have also had occasion more than once to observe on the extreme defectiveness of the Company's commercial accounts before the public, and that anything that could be compiled or collected from them, could only furnish us with general views or conclusions, but never with precise satisfactory results. All therefore that we can do

on the present occasion is, to offer the following observations on the account before us. On looking into it, the first thing that strikes us is the “sale proceeds of goods,” amounting to 85,459,872*l.*, and constituting by far the largest item of receipts. Comparing these sale proceeds with other tables, in which the invoice cost, and sale proceeds of goods are contrasted, we find that investments from India and China of the prime cost of from 45 to 48, or at the utmost 50 millions sterling, would amply suffice to produce the abovementioned 85 millions at the sales in England; but the funds exported to India, or supplied for commercial purposes, do not amount to one-half, perhaps not to one-third, of the prime cost of investments; the whole of the goods, stores, and bullion exported, and bills drawn on the Court, only amounting to 19,075,053*l.*, (of which a large portion consisted no doubt of stores,) whence the remainder, or difference between this and the actual cost of investments, must necessarily have been supplied by territory.

Referring to *p.* 614. and the official documents there quoted, the invoice cost of investments for the period in question, may be computed (for the precise amount is not given) to

amount to 48 or 49 millions ; and allowing for losses, &c. on the passage, we shall probably not be far wrong in stating 48 millions in round numbers, as the amount of investments received in England.

To what extent territory supplied the means of furnishing the above investments is nowhere distinctly stated. It is true, that the bills on the Court, bullion exported, and goods for sale, amounting perhaps altogether to about 16 millions sterling, would be considered as available assets in the Indian treasury for the provision of such investments ; but according to Governor Hastings' admission, *p.* 526., Indian revenue furnished originally the means of paying these bills on the Court, and of exporting goods and bullion in return, so that these annual re-exports do in fact nothing more than replace from year to year the revenue, or loans, which had been advanced in the first instance to create them.

Unless, therefore, these facts can be disproved — unless it can be shewn that Governor Hastings was ignorant of the duties and concerns of his high office — and that the Court of Directors were also in error, when they declared they had no other means than their revenue investments to defray home de-

mands, it may be difficult to escape from the the position here contended for, which is, that ever since the acquisition of the Dewanny, commerce has been continually trading on a capital furnished by territory.

Another coincidence occurs in the examination of this account, No. 21, which may be deserving of notice. The sum total of territorial payments in England, including Indian debt, amounts to 46,291,485*l.* ; all of which, according to the appropriations of the Act of 1813, must necessarily have been supplied from territorial funds. But this sum, and the prime cost of investments during the period, nearly approximate, perhaps as nearly as if appropriations of investments had been expressly calculated for the purpose of supplying the home territorial expenditure. The whole trade of the period therefore would thus seem to have been carried on by means of this territorial supply ; and as this amount of investments, as before mentioned, amply sufficed to produce at the sales in England, the sum of 85,459,872*l.* stated in No. 21, out of which, with some other commercial receipts, and 8,516,331*l.* of territorial receipts likewise charged on Indian revenues, all the commercial, and all the territorial payments of the period were de-

frayed — including on the one hand customs, freight, bills of exchange on the Court, and the re-export of goods and bullion to India and China, &c. ; and on the other 46,291,485*l.* of territorial items — we have another corroboration of the same fact, as beforementioned, that the funds of territory have alone supplied the whole of the Company's commercial operations.

It may perhaps be conceived, that the sum of supplies abovementioned, or about 48 millions, is inadequate to furnish goods, the sale proceeds of which, as per No. 21 of the papers here referred to, amounts to upwards of 85 millions ; but a reference to the statements in print, in which the invoice, or prime cost of goods from India and China is contrasted with the sale proceeds, the proportion here assumed is fully borne out. In Moreau's tables, p. 24, we have an account of the Company's trade for 51 years, in which the prime cost of investments, is stated at £108,976,128 And the sale proceeds, at . . . 227,786,044

In the Fourth Report of the Select Committee of the House of Commons, 1812, p. 13, and Appendix 25, we have a similar

account, in which the prime	
cost of investments, from 1793-4	
to 1809-10, is stated to be	. 50,217,400
And the sale proceeds	. 102,737,954

In Bruce's plans for British India, p. 227, a similar statement is given bearing the like proportion; a proportion which might, if necessary, be farther confirmed by referring to other official documents.

If then the examination of these accounts leads to the *general conclusion* (for precise results are, as I have frequently observed, quite unattainable,) that the territorial funds of India, have sufficed during the period for all the Company's commercial operations, the importance of the fact is such as should arrest the reader's particular attention. Figured statements are, I know, among the least attractive and least interesting of written compositions; but those who will take the trouble to analyze the accounts, No. 21, of the "Papers, Feb. 1830," No. 2. and 2. x. of the same series, and the Abstract thereof given below, (p. 662.), will be enabled to verify the accuracy, or otherwise, of the preceding observations.

Having thus adverted to the only account

before us, in which the cash receipts and payments of the home treasury are exhibited, we shall next proceed to an analysis of the revenue accounts of the period here treated of, forming the most important part of the present enquiry; inasmuch as the revenue accounts seem to be complete in themselves, and therefore so framed as to exhibit satisfactory results.

I would first, however, beg leave to observe, that if one conclusion be plainer than another, as derived from the examination of these accounts, it is simply this — that if the debt — in other words — if loans have not been required to defray territorial expenditure, *the territorial account ought not to be charged with the interest.* The accounts of the revenues and charges of India, submitted annually to parliament from 1792-3 to 1827-8, contain clear statements, under distinct heads, of all the revenues of India, and of every description of disbursement, required for the government or defence of the country, together with all the territorial charges paid in England. But these accounts are also loaded with the charges of maintaining Bencoolen, St. Helena, and Prince of Wales's Island, and with interest on the debt. Now, if it can be shown

that the territorial receipts have, from year to year, greatly exceeded the territorial disbursements, to the entire exclusion of all necessity for loans on territorial account, it is obvious to common sense, that, as the principal of debt was not wanted for territorial purposes, territory ought equally to be exempted from the charge of interest. It is true, that Acts of Parliament have made this interest a territorial charge; but if the Select Committee of 1809 to 1812 had fairly done its duty — if the true source of the debt falsely called territorial, had been fully explained to Parliament, it never could have committed so monstrous an act as that of imposing an overwhelming load on territory, merely to save commerce from impending bankruptcy.

From the aforementioned official annual accounts, I have accordingly framed the following table, on the only principle on which I think such a statement ought to be exhibited to the public. It contains, on the one hand, all the revenues of India, and, on the other, every description of territorial disbursement abroad, to which is added all the territorial charges paid in England, including the corrections or additions made to this head in Mr. Melvill's evidence of June, 1830; and



likewise the net charge of Bencoolen, St. Helena, and Prince of Wales's island ; but excluding the interest on debt. The table is divided into short periods to shew more distinctly how far the revenue funds were either redundant, or deficient, at any intermediate time. Considering this table in the light of a cash account, I have subjoined to it sundry items, which, from the explanations given in official documents, ought to be included among the territorial receipts ; and which it may be necessary here to explain.

The two first items speak for themselves.

The third item, or 1,500,000*l.*, is a loan from government in Exchequer bills, in 1811 : on which, in the following year, or 1812, we find in No. 22 of the " Papers regarding the finances of India, &c. Feb. 1830," the following remark : — " The sum of 1,500,000*l.* lent the Company in Exchequer bills by government, was not included in this year, as the advances by the Company in India, on account of government, since that sum was received, were estimated considerably to exceed it." The repayment being thus included in Indian charges, it is clear the

original loan ought to be included in the receipts.

The fourth item is a sum of 2,500,000*l.* borrowed from His Majesty's government in 1812, to pay off Indian debts, and made by Act of Parliament \* a charge on the territories of India. As this sum appears, as well by the official documents in print, as by the Act 3 Geo. 4. c. 93, to have been liquidated by means of payments made by the Company at various times on account of His Majesty's government in India and St. Helena, and consequently included among territorial charges, the last payment of 557,335*l.* having been made in 1822,† it is clear, that if the repayment be included on one side of the account, the original receipt, or 2,500,000*l.*, ought to be included on the other. As this item stands in the accounts now before the public, it may be explained as follows:—In No. 20 of “Papers relating to the finances of India, &c. Feb. 1830,” this sum is inserted as a “loan

\* Act 52 Geo. 3. cap. 135.

† Vide Act above quoted, and likewise the accounts No. 1, and 2, of the “Papers relating to the Finances of India, and the trade of India and China, Feb. 1830.”

“ from the public in 1812,” \* and in the same account, and the continuation thereof in No. 21, various sums are entered among *territorial charges* as “ interest, sinking fund, charges and repayment of loan “ from the public,” until the year 1822-3. In that year it appeared, on a settlement of accounts between the Company and His Majesty’s government, that 1,857,335*l.* of this loan were still due to the public, of which, as explicitly stated in Act 3 Geo. 4. c. 93., 1,300,000*l.* was allowed as a set-off in favour of the Company, for advances made by them in behalf of His Majesty’s government, for the public service, and at St. Helena ; and the balance, or 557,335*l.*, paid in cash at home, and included among the territorial charges, as stated both in No. 2 and 21 of the “ Papers,” &c. above quoted. Of the 1,300,000*l.*, however, it is to be remarked, that it is inserted in No. 21, as an actual cash receipt, and cash payment, when it was *positively* neither one nor the other. It had been already debited to territory in the original sum of 2,500,000*l.* in 1812, and to bring it

forward again in 1822 as a debit entry, is to charge territory with this portion of the loan twice over. Why it should be inserted in No. 21, as if it were another or distinct cash receipt, and payment, of the home treasury, which *it certainly was not*, I cannot explain; but having been discharged, like the rest of the loan by sundry payments and advances included under territorial charges, it is clear that territory ought also to have the benefit of the original receipt.

It may be further added of this sum, that it was borrowed and charged on territory, at a time when territory had in fact no occasion for the supply, there being then a large surplus revenue in India; and that in the repayment this loan has been charged with interest, sinking fund, and other expenses added to the principal, amounting altogether to 4,296,912*l*. The money, therefore, appears to have been borrowed by commerce, applied to the uses of the commercial home treasury, and ultimately repaid by territory, with the addition of the above unmerciful load.

The fifth is another loan from government in 1813, amounting to 2,000,000*l*., and entered in No. 20, as “ a receipt from government on

account of the Company's claims." After the year 1813, (like the former sum of 1,500,000*l.* in 1811) it is neither noticed among the debts or credits, from which circumstance, as well as the wording of the entry, we can only conclude that these two sums of 2,000,000*l.* and 1,500,000*l.* are in the same predicament, that is, discharged by means of advances made on account of His Majesty's government in India, and therefore included among territorial charges.

The Sixth is a sum of 1,109,875*l.* obtained from the Nabob of Oude, for which he was paid by a territory conquered from the Nepaul state; and as the charge of acquiring this territory is included in the general charges of the Nepaul war, and, therefore, on one side also of the territorial account, the receipt ought as clearly to be on the other. This, indeed, is admitted in the account No. 1, A. submitted to parliament in Feb. 1830; where, though not inserted, it is observed, in a note, that the sum should have been inserted, so as to encrease, *pro tanto*, the Bengal surplus revenue of 1815-16.\*

Seventh—In the year 1823-4 there was paid

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\* See also No. 1. A. of the same collection of accounts.

to the Nizam the sum of 1,201,201*l.* to redeem an annual Peshcush or tribute of 72,012*l.* payable by the Company to that prince on account of the Northern Circars. The redemption is consequently equal to about 17 years purchase; but crammed into *one* year among the charges, thereby making an excess of charge where there would otherwise be a surplus revenue.\* This is not fair to the territorial account, which only includes four years of receipt and disbursement subsequent to this insertion. I have thought it more equitable to extend the redemption money over the whole 17 years; allotting to each its separate portion, and have accordingly made corresponding entries in the following table.

Eighth—The net charges of Bencoolen, St. Helena, and Prince of Wales's Island. On no principle of justice can these charges be wholly placed to the territorial head. They are, as before observed, in their very nature, as well as origin, purely commercial. I have, however, adopted the proposed equal division of these charges by the Select Committee of 1809, by placing one half as a

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\* See No. 2. and No. 2. B. of the same series.

charge on each concern — a division which may be said to be at least partly ordered by the Board of Controul.

Lastly, it may be important to observe, that the following Abstract is compiled from statements which profess to give the “*Total Annual Amount of the Revenues and Charges of India.*” If then, the statements in question do not contain the *total*, those who framed them must answer for the omission, which, in such case, would be a fallacy practised on Parliament and the public.

With these preliminary explanations the annexed table is submitted, compiled from official documents, and as far as those documents are to be relied on is, I believe, perfectly correct. [*See the annexed Table.*]

There is another method by which a large surplus may be shewn on the preceding account, the disposal of which would require to be accounted for. The principle was explained in my examination before the Lords’ Committee on the 28th May 1830, viz. to concede, for the sake of illustration merely, that the whole debt was, as pretended by the Company, contracted for political purposes. Since the principal of the debt has disappeared, it would then follow that both the principal and

## POSTSCRIPT TO THE PRECEDING TABLE,

*(Annexed to page 662.)*

SINCE this table was printed I have had access to two accounts, Appendix 41 of the Report of the Select Committee of the House of Commons 11th Oct. 1831, entitled "Abstract statements of the claims of the East India Company on his Majesty's Government, and of his Majesty's Government on the East India Company," in which the two sums in the preceding table. No. 3 and 5, or 1,500,000*l.* and 2,000,000*l.* as received from Government, are set off against various disbursements by the Company in India on account of his Majesty's service; interest being charged on each separate item, and the balance settled, as would seem, by compromise.

Of this account it is stated in a note at foot, that none of the disbursements are included in No. 2 of the Revenues and Charges of India from 1809-10 to 1827-8, meaning, I presume, that contained in the series of "Papers &c. Feb. 1830;" but this does not prove that they are equally excluded from territorial payments made in England; of which nothing is said. A large proportion, however, of these disbursements was made *prior* to 1809-10, and of course could not be included in No. 2, although it might in some previous revenue account. Nevertheless, in another account (*vide p. 656*) the above sum of 1,500,000*l.* is said to have been discharged by advances on account of his Majesty's Government *since* 1814. We are therefore left in the dark as to what general account these advances are, or ought to be carried; and this is one of the many incongruities with which we are constantly met in the examination of the Company's accounts before the public. They have so much the appearance of garbled statements, that one can hardly tell where to look for a plain straight-forward intelligible account.



Although the statements, No. 41, here alluded to, are open to various objections, it only concerns us on the present occasion to notice, that the items of which this appendix is composed prove that the disbursements abroad, on account of His Majesty's Government, *must have been made from the revenue treasuries of India*, and that they *must have been made with monies bearing a heavy charge of interest in India*. When therefore commerce received in England the repayment of these advances *with interest, and that interest charged at various rates up to 7 and 8 per cent.* territory should have got credit for the principal and interest of what was so repaid; otherwise Commerce must be said to have pocketed the amount. In the present instance all that appears is in No. 20 of the series of "Papers &c. Feb. 1830," where both these sums are stated to have been received into the Commercial home treasury, and then applied to the discharge of a mass of commercial items, including a sum for "Indian debt." \*

Until therefore some better explanation can be given of these two sums, they may, it is thought, not improperly be credited to revenue, which unquestionably advanced the amount in the first instance, and has ever since been charged with the interest. It is moreover remarkable of these two sums, that they are a part only (as per Appendix 41) of upwards of 9,000,000*l.* sterling received by the Company from Government against 10,000,000*l.* said to have been advanced on various occasions, for account of His Majesty's Government; and it is impossible to conceive that such large sums as these could have been omitted from the territorial accounts annually submitted to Parliament; an omission which would in fact falsify the whole. At all events, if they have been so omitted, the general revenue statement No. 2, is no longer what it professes to be, "*An Account of the TOTAL annual amount of the revenues and charges of India.*"

Lastly—If it should be hereafter proved (which is difficult to conceive) that these two sums ought not to be credited to revenue, or, if credited, that they would have to be neutralized by additional charges, its effect on this account would only be to reduce the balance or net surplus from 34,065,935*l.* to 30,565,931*l.*

the revenue had been expended in defraying political or territorial charges. In this case the column of interest would stand fairly, as it does now, in the account No. 2, of the “ Papers relating to the Finances of India, &c. Feb. 1830,” and in the corresponding account from 1793 to 1809-10, No. 6, attached to the Second Report of the Select Committee of the House of Commons in 1810; and taking these accounts, as simple cash accounts, certified as they are by the highest authorities (with certain stated amendments) to contain every description of territorial disbursement, it will not be denied that they ought also to contain every territorial receipt — consequently the sum of all the loans raised, or said to be raised, for territorial purposes. The account so constructed would then stand as follows : —

On the 30th of April, 1793, the Indian debt is stated in Appendix No. 7, to the Second Report of Select Committee of 1810, to have been .....	7,971,655
Do. 1809, do. as per do .....	30,876,788

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Net Increase ..... £22,905,133

Whilst the excess of political charges as per No. 6 of Appendix to the same Report, and No. 11 of the Third Report for the same period, was only .....

5,078,915

Brought forward.....	£22,905,133
Ditto.....	5,078,015
And the political charges paid in England, as per No. 46, Appendix to Third Report (the Committee, however, doubting whether the whole were properly chargeable to the territorial head).....	6,138,448
	<hr/> 11,216,463

Difference to be accounted for.....£11,688,670

So that the amount of loans had exceeded the total amount of surplus charges, during that period, in no less a sum than 11,688,660/.

This is the result of the official documents referred to without a single deduction on account of interest, or of any other charge contained in the official documents.

Again—

On the 30th of April, 1827, the Indian debt is stated in No. 4 of “ Papers relating to the Finances of India, &c. Feb. 1830,” to be .....£42,870,876

Making, therefore, the increase of debt since 1793. 34,899,211

Now, as the surplus charge from 1809-10 to 1826-7, as per No. 2 of the same “ Papers,” &c. is only .....£13,589,894

And the surplus charge of the former

period as above .....	11,216,463
	<hr/> 24,806,367

There is still a difference to be accounted for of..£10,092,854

This, however, is only the difference exhibited by the official accounts above referred to. If the items contained at the foot of the table (*p.* 662.) be, as I think they should be, added to the receipts, the total difference to be accounted for, would be 18,387,347*l.* according to the explanations before given.

Here then is a surplus of 18 millions, which, on the principle assumed by the Company of the debt being wholly territorial, it is natural to ask how, or to what purpose has such surplus been applied? It cannot have been expended on account of territory, for by the supposition, admitted by the Company's accountants, every description of territorial disbursement at home and abroad, is already credited in the account of which this sum of 10 millions and upwards, is the balance or overplus. According to the documents in print, and before the public, it is impossible to account for it in any other way than as having been appropriated to supply the wants of commerce.

But this statement is only introduced to shew the certainty of a large surplus on the territorial account, on whatever principle it may be constructed, provided only the whole of the territorial receipts, as well as disbursements be fairly inserted. But the former

table (*p.* 662.) contains the true view of the territorial surplus between 1793 and 1827-8, amounting to 34 millions ; to which if we add the surplus of 24 millions between 1761 and 1793, we have a total surplus of 58 millions taken from territory, for which it has received no credit either in principal or interest ; but is on the contrary loaded with the principal and interest of a debt of 42 millions more—obviously not required for any territorial purpose ; and making therefore altogether 97 millions sterling, which it has clearly furnished from its own resources, the expenditure of which, I repeat, it is impossible from the official documents in print to account for in any other way than as a supply to bolster up, from year to year, the extravagant waste of a heedless and bankrupt commerce.

To results so astounding, and so much at variance with the annual statements put forth from the India House, men of moderate ideas, unable or unwilling to examine in detail the Company's complicated accounts, are slow of giving their belief. Aware of this impression, and willing at the same time to be either confirmed, or corrected, in my view of the case, I thought it best, before even I had prepared anything more than the two last figured statements of the present treatise, to take an un-

biased opinion on the general question from one of the ablest professional accountants in London. For this purpose I put into his possession the Five Reports of the Select Committee of the House of Commons, 1809-10 to 1813, with their Appendixes ; a complete series of the Company's official accounts annually laid before Parliament from 1793 to 1828 ; all the accounts which had been submitted to the present East India Committee ; a complete copy of the evidence taken before the said Committee ; and other documents bearing on the question.

Mr. Wilkinson's first object was to obtain a correct view of what he, amongst others, conceived to be the gain or rate of profit on the Company's trade ; but in this research after repeated attempts he was disappointed ; declaring, to use his own words, that he could make neither head nor tail of the Company's commercial statements. His attention was next directed to the revenue accounts ; but having no documents to go further back than the year 1793, his examination commences with this period, and he takes for granted that the debt in 1793 was territorial, because it is so asserted by the official authorities at the India House ; and because he had no means of proving otherwise.

Mr. Wilkinson having no means of extending his review beyond 1793, was unacquainted with my view of the case previous to 1793, as contained in the four preceding chapters, as well as with the facts and official documents on which that view is founded. This explanation will therefore account for the *apparent* difference between Mr. Wilkinson and myself, as to the nature of the debt existing in 1793 ; but even with this admission, his report is so full a confirmation of my original position, and which I alone propounded in 1813 as to the surplus revenue of India, and the consequent origin or causes of the Company's debts, that I must entreat the reader's most particular attention to its contents. The report is so ably drawn, and every fact so clearly explained, that it would be injustice to Mr. Wilkinson, and a presumption in me, were I to submit it in any other than his own words.

## MR. WILKINSON'S REPORT.

THE Honourable East India Company allege that not only the principal of their Indian debt, but a considerable portion of their commercial profits, has been expended in supplying the deficiencies of their Indian territorial revenues; and this opinion does not appear to have been very zealously impugned, or successfully combated by the Honourable Board of Controul, or the Parliamentary Committees, to whom the Honourable Company have been required to submit annual statements of their affairs.

In presuming therefore, after an attentive examination of these voluminous documents, to dissent from the conclusions of those eminent authorities, I cannot but be sensible that I must encounter very reasonable prepossessions, and that if the question is to be determined by authority alone, I have no pretensions to be heard. My *arguments* will certainly not pass for more than they are worth; but the *facts* which I shall adduce will be entitled to some attention; being no other than those contained in the accounts present-



ed by the Honourable Company to Parliament and admitted by the Honourable Committees of both houses ; and if these, under due combination and arrangement, inevitably lead to a particular *result*, they may be found capable of extorting an assent, which might very properly be refused to *me*.

The difficulties attending the investigation have been very accurately described by the Honourable Committee of the House of Commons in their Second Report, ordered to be printed 11th May 1810, page 65.

“ The political and commercial concerns of  
 “ the Company are so interwoven in the  
 “ financial system of India, that under its pre-  
 “ sent arrangements it is of the utmost diffi-  
 “ culty if not totally impracticable, to make  
 “ a distinct separation of them, and more  
 “ particularly for the period under examina-  
 “ tion. The sources from which funds have  
 “ been derived from year to year for the sup-  
 “ ply of the combined operations of govern-  
 “ ment and commerce were the revenues  
 “ of the territories, and supplies from Eu-  
 “ rope, either in bullion, or exports, or by  
 “ bills upon the court : when the aggregate  
 “ amount of these several heads has not been  
 “ sufficient to defray the expences of govern-

“ ment, to provide investments and to remit  
 “ supplies to China, money has been raised  
 “ upon loan.”

And again, in the Third Report, page 5 :  
 “ From these accounts it is to be deduced that  
 “ when a surplus revenue existed in India,  
 “ it was, in conformity with the principles  
 “ laid down in the Act of 1793, applied to  
 “ advances for the purchase of investments  
 “ for consignment to Europe, or for the sup-  
 “ ply of the Canton treasury ; and when,  
 “ combined with the funds available in India  
 “ from supplies from Europe, it was found  
 “ insufficient for these purposes, the differ-  
 “ ence was furnished by monies raised on  
 “ loan in India. In whatever amount there-  
 “ fore the capital of the Company in England  
 “ was not sufficient for carrying on the trade  
 “ and for the conduct of the concerns gene-  
 “ rally, the deficiency was supplied by mo-  
 “ nies raised in India. The *impracticability*  
 “ of distinguishing what part of these monies  
 “ was applied to commercial and what part to  
 “ political purposes, having already been  
 “ stated, the object of these additional re-  
 “ marks is merely intended as a farther de-  
 “ monstration of the strict connexion of the  
 “ political and commercial affairs at home as  
 “ well as abroad ; and as a proof of the cor-

“ rectness of the position, that till it shall be  
 “ clearly ascertained that the supplies from  
 “ the home treasury to India, and China,  
 “ were derived from sources purely commer-  
 “ cial, the question of a distinct view of the  
 “ propòrtion of the Indian debt which is to  
 “ be termed political or commercial must re-  
 “ main undecided, whatever may have been  
 “ the amount of those supplies.”

That which in the former quotation was treated as a “ difficulty,” is here advanced to an “ impracticability;” but with the utmost deference to so distinguished an authority, I humbly conceive that the Honourable Committee have in a preceding paragraph suggested the means of surmounting every obstacle to the separation required for the period subsequent to 1792. In the same Report, page 4, we find the following paragraph: — “ The ordinary revenues and  
 “ charges being more immediately territorial  
 “ or political, have been shewn *in a manner*  
 “ *sufficiently clear*, with the exception of the  
 “ interest upon the debts, which though  
 “ charged entirely to the territory, admits of  
 “ no proper separation or adjustment till it  
 “ shall be determined what part of the princi-  
 “ pal has been raised for political and what  
 ‘ part for commercial purposes.

And concurring entirely in that opinion, it has been my express object to ascertain, in the first instance, what part of the principal “has been raised for political and what part “for commercial purposes.”

As the whole concerns of the Company are divided into two branches, TERRITORIAL and COMMERCIAL, two methods of proceeding naturally presented themselves as calculated to effect this object; either to draw up a separate statement of the commercial affairs of the Company, which for the reason repeatedly assigned in the “Reports,” viz, the insufficiency of the documents laid before Parliament, was impossible — or to prepare a similar statement of the territorial concerns of the Company, which for the reason above given, viz, the “sufficiently clear” manner in which they have been stated, has been found perfectly practicable; nor am I aware that any advantage could have been secured by adopting the former in preference to the latter method, even with adequate materials, seeing that if we can separate from the mass all the facts and results which are properly “territorial,” it as certainly follows that all which remain are “commercial,” as it would have followed from a separate “commercial” statement, that

\* all the rest must be “territorial.” No doubt an analysis of the books of the Company in Leadenhall Street would furnish the means of preparing separate and distinct statements of *both* branches of their concerns; but the Papers laid before Parliament are complete only with reference to one of these, viz, the “territorial” branch.

In the “EXPOSITION” of their affairs, dated East India House, 22d May 1810, submitted by the Company to the Committee of the House of Commons, they have adverted to the ascription of the increase of Indian debt, to Indian investments, and consider this to be a very inaccurate view of the subject---they say, “That *advances* for the Indian investments have been made from the general treasuries of the Company, without discriminating whether commercial funds were at that time forthcoming, and even whilst European goods and stores imported by the Company remained unsold, is not to be disputed. The treasuries which supplied those advances may also have been occasionally replenished by loans as well as by revenue; the annual investments sent to Europe may, moreover, have at times exceeded the supplies of goods, stores, and bullion received

“ from Europe, and may have been rather  
 “ regulated by the general ability of the trea-  
 “ suries abroad, than by the quantum of im-  
 “ portations from Europe ; but all these cir-  
 “ cumstances, though they have given colour  
 “ to the notion now under consideration, are  
 “ far from proving it. There are other ma-  
 “ terial circumstances to be taken into the  
 “ account. The Company have long been in the  
 “ habit of paying in England political charges  
 “ strictly appertaining to the territory. For  
 “ these charges the Company never have  
 “ credit in the Indian accounts. The large  
 “ supplies of stores and part even of the  
 “ goods sent out annually by the Company to  
 “ India are intended for political purposes,  
 “ and the whole amount of them should be  
 “ brought in India to the credit of the home  
 “ concern from the time they are shipped ; but  
 “ the practice has been to credit the Company  
 “ for them only as they were taken out from  
 “ the Indian warehouses for use, and no losses  
 “ of such articles in the way outward, or in  
 “ India, have ever been brought to the credit  
 “ of London at all. Moreover, it is evident  
 “ from what has been already stated in this  
 “ exposition, that the supplies of goods and  
 “ bullion from England have, at times at least,  
 “ exceeded the returns in the same period.”

Now this “EXPOSITION” is of very considerable importance, inasmuch as it gives us the Company’s own view of the additions which ought to be made to the debit of “territorial revenue” and to the credit of the home concern, or “commerce” beyond the statements of “ordinary” Indian revenue and charges, before the account between them can be considered fairly stated; and if it appear that I have complied in the fullest sense with the conditions prescribed by them, it should seem that I am entitled to claim the sanction of the Honourable Company to the fidelity and accuracy of my results. What then are the additional credits upon which the Company insist?—they are as described by themselves

1st, Political charges paid in England.

2d, Stores sent out annually by the Company.

3d, The difference arising from a credit in India for goods when shipped, rather than when used: and

4th, Losses of such articles on the voyage, or in India.

The first and second of these particulars are undoubtedly of great magnitude, amounting together for the whole period, 1793-4 to

1827-8, to no less a sum than 32,654,957*l.* as given by the Company in Appendix, No. 46, to the Third Report, and No. 2, of the papers printed February 1830 ; and no account of “ territorial revenue ” could be perfect which did not include them : accordingly it will be seen, that in no one year of my statements are they omitted, but annually brought to the account of Indian revenue, together with all other legitimate charges, European and Indian, before the balance is treated as surplus or deficiency. With respect to the third and fourth items, if admissible as a charge against Indian revenue, they must be very inconsiderable in amount ; the Company have not afforded us the means of calculating it with any approximation to accuracy, but it may be estimated largely at one or two millions for the whole period, and an allowance of more than the greatest possible amount may be made at the foot of the account to cover any defalcation thus occasioned.

It may be proper here to advert to the terms “ ordinary ” and “ extraordinary ” used in the Reports of the Committees of Parliament. I understood the term “ ordinary ” when applied to receipts, to mean Indian territorial or direct revenue ; and when applied to disbursements,



the charges of administering the government of India : the term “ extraordinary,” when applied to receipts, I understand to mean loans in India, bills on the Company, and consignments of bullion and stores from England : and when applied to disbursements, charges not territorial, and chiefly advances for the purchase of investments for China and Europe ; —it is not meant that there are extraordinary political or territorial charges beyond, or in addition to, those indicated in the several statements brought under consideration : if that were the case it would certainly be necessary before it could be determined whether there was a surplus or deficiency of territorial revenue, that the amount of such extraordinary charges should be ascertained ; but the Committee have clearly explained, (page 6 of the Third Report,) that the statement, No. 6, of the Appendix to the Second Report, is itself abstracted by the Company’s Auditor of Indian accounts from the general statements transmitted from India, which do include receipts and disbursements “ ordinary and “ extraordinary,” and that this abstract is intended “ *to shew distinctly the direct revenues and charges of India ;*” and the preceding remarks on the Company’s “ Exposi-

tion” are in perfect coincidence with this view of the subject.

We are informed by these Reports that “ on  
 “ occasion of renewing the charter in 1793  
 “ every exertion was employed for the disco-  
 “ very of the extent of the Company’s re-  
 “ sources both *political* and *commercial* and  
 “ calculations were made with every practi-  
 “ cable attention to accuracy grounded upon  
 “ the actual experience of preceding years,  
 “ as it regarded both receipt and expendi-  
 “ ture.” And reference is made to an ESTI-  
 MATE shewing a SURPLUS of *Territorial Reve-*  
*nue* for 1792-3 amounting to . £1,971,050  
 From which is deducted the amount

2d Rep.  
p. 13.

App. to 2d  
Rep. p. 75.

of interest payable on Indian debt      561,923      Do. p. 76.

And the balance is declared to be  
 applicable to *Commercial purposes*  
 or *the discharge of debts* . . . 1,409,127

“ A principle was also established for the  
 “ *application of the SURPLUS produce of the*  
 “ *revenues, which, on the calculations above*  
 “ *adverted to, was fairly expected to arise;*” and  
 “ it was likewise prescribed that the Court of  
 “ Directors of the East India Company should  
 “ annually lay before Parliament *distinct*

2d Rep.  
p. 13.

“ *accounts of the REVENUES and of the DISBURSEMENTS in India.*”

2d Rep.  
p. 14.

Accounts have accordingly been rendered by the Company in pursuance of this obligation ; and commenting upon these, the Honourable Committee of the House of Commons report, that “ the nature or description of the accounts is such as to afford in each year a view of the amount of the REVENUES derived from the possessions in INDIA and of every charge incurred in the government and defence of them, with the interest payable upon the debts ; they likewise shew the amount of those debts,” &c.

The Committee have instituted a comparison between the state of the Indian Revenue in 1793(which is by the Court of Directors estimated at a SURPLUS, not of 1,409,127*l.* as before given, but of 1,163,577*l.*) and the state in which it is represented in 1808-9, the period to which that Report extends, exhibiting a DEFICIENCY amounting to 26,042*l.* ; and have given it as their opinion that this defalcation will be found to have been “ entirely occasioned by the increase of charge and of interest on the debts as the state of the revenues has improved in a most material degree.”

Do. p. 15.

Entertaining the highest respect for the

authority of the Honourable Committee, I am nevertheless constrained to infer from the consideration of these accounts, that the difference is *entirely occasioned by increased interest on additional debt, which it was not necessary to contract for any purposes connected with the Territorial revenues of India; those revenues having been more than sufficient to discharge all legitimate claims upon them; that no part of this additional debt has in fact been applied to any territorial or political object, but has been employed to create COMMERCIAL ASSETS*; thereby conferring an appearance of prosperity on that branch of the Company's affairs, which is utterly fallacious and unfounded: and finally, that as the revenues of India have not been benefited by the principal, so neither ought they upon any reasonable ground to be charged with the interest.

The Committee, after having gone into some minor details respecting the revenues and charges of the several Presidences of India, proceed to remark as follows.

“ The general statement marked No. 2,  
 “ is first to be referred to : on this view it will  
 “ appear that in the year 1793 it was esti-  
 “ mated, that after paying the direct charges  
 “ of the government of the three Presiden-

2d Rep.  
 p. 60.

“ cies, exclusive of the supply to Bencoolen, &c. *the commercial charges and the interest upon the debts*, a NET REVENUE would remain to the amount of £1,775,500 And that on the same principle there would remain in the year 1808-9 a NET REVENUE amounting to . . . . . 2,373,831 The view of this statement further suggests the inference that *in point of fact the revenues of India were more than sufficient to cover the immediate charges of the government of it* upon the principles now stated, *during the whole of the period from 1792-3 to 1808-9, with the exception of two years only, 1805-6, and 1806-7*, in which years the charges of the Mahratta war and the arrears of those charges bore with the greatest pressure.”

“ It is however to be remarked, that other demands which have *fallen upon the revenues of India*, remain to be examined, before it will be practicable to pursue the investigation of the final results; these demands are described in the column of the statement as *supplies to Bencoolen, Penang, &c. and the interest on the debts.*”

“ These several articles *cannot in either*

*“ case be considered as wholly of a political or  
 “ of a commercial description, although they  
 “ have uniformly been brought forward in the  
 “ accounts from year to year as a direct demand  
 “ upon the revenues of India and have very  
 “ materially affected the general result of the  
 “ same.”*

They subsequently add “ the column  
*“ shewing the interest paid on the debts re-*  
*“ quires but little remark in this place, as the*  
*“ amount is governed entirely by that of the*  
*“ debt itself; which being a point for separate*  
*“ consideration, will be adverted to hereafter ;”*  
 and proceed to shew in what degree the  
 actual accounts of 1809 are “ *more unfavour-*  
*able”* than the estimates of 1793, again ac-  
 counting for it in the same manner, viz, that  
 “ the additional supplies to Bencoolen, &c.  
*“ but by far in the highest degree the increase*  
*“ of the interest on the debts, have contributed*  
*“ to prevent the exhibition of a surplus revenue,*  
*“ as by the estimate of the year 1793.”*

2d Rep.  
p. 61.

Do. p. 62.

Upon these statements of the Honourable  
 Committee, I have to remark, that the sum of  
 2,373,831*l.* which they have considered as the  
 net revenue of 1808-9, agrees precisely with  
 the amount stated by me, being the difference  
 shewn in the account of that year (*p. 702.*)

between the gross revenue . . .	£15,525,055
and the charges, including those on subsidies and on ceded and conquered countries for the same year . . . . .	13,151,224

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Surplus 2,373,831

This surplus is, according to the report of the Committee, subject to reduction only by “the supply to Bencoolen, &c.” which they state in perfect agreement with me, at 158,208*l.* and the “interest on the debts,” which they quote from the Appendix, No. 6., as being charged by the Company in 1808-9 to the territorial revenue, 2,241,665*l.*, it having been in 1792-3, no more than 636,226*l.* — Now the Committee having in the broadest manner laid down, with reference to the charge of interest, the only principle consonant to common sense, viz., that the amount chargeable, is to be “*governed entirely by that of the debt itself,*” it might have been expected that this would not be a point left “for separate consideration,” and to be “adverted to hereafter,” but that here was the very period of the enquiry when it was proper to pause and ascertain, whether the state of the revenue had been such in any one or more years since

1793, as to require an additional territorial debt to *cover deficiencies of revenue*; and if so, to what amount, and especially whether the necessity had been such as to give legitimate occasion in 1808-9 to an increased annual interest of 1,605,439*l.* Yet, with the fact so plainly developed as to elicit the remark constantly reiterated, that the Indian revenue is annually increasing, but that the surplus is swallowed up chiefly by the enormously increased interest on debt, no such enquiry appears to have been instituted; the subject is for that occasion dismissed, or only continued for the purpose of exhibiting a view of the deterioration of the Company's concerns in India, between 1793 and 1809; and when in the Third Report, it is resumed in conformity with the promise to advert to it hereafter, the whole of this increased interest is in effect admitted against territorial revenue, without other explanation than occasional expressions of doubt and hesitation and dissatisfaction, as one of the means by which the "extraordinary revenues" of the Company are said to have been absorbed.

We have seen that the net revenue of India is correctly represented in the report of the Committee as being in 1808-9 . £2,373,831



Brought forward .....	£2,373,831
Subject to reduction by	
Supplies to Bencoolen, &c. correctly stated, at .....	£158,208
Interest on debts, <i>which the Report assumes at</i> .....	2,241,665
But subject likewise to further reduc- tion by the amount of political and territorial charges paid in England in that year, <i>which the Committee have omitted to notice</i> .....	550,766
	————— 2,950,639
If then the amount of interest here quoted ap- pertains to additional debt really contracted to supply former defalcations of Indian revenue, the deficiency on this year 1808-9, would be ....	576,808
But if on the contrary it can be shewn, that the amount of interest chargeable to the Indian re- venue in that year could not exceed 626,847 <i>l.</i> , the account would stand thus—	
Net revenue, as stated .....	2,373,831
Deduct	
Supplies to Bencoolen, &c. ....	158,208
Interest on debts (the true amount)..	626,847
Political and territorial charges paid in England .....	550,766
	1,335,821
Leaving an actual SURPLUS of <i>Indian territorial revenue for 1808-9, of</i> .....	1,038,010

And that this was the true state of the case, I shall now proceed to establish upon the autho-

rity of the Parliamentary Reports and their accompanying Appendices.

On the 1st May, 1793, the Indian debt is in various parts of the reports represented to amount to 7,971,668*l.* and without stopping to enquire how the principal had been applied—whether for political objects, or for the benefit of the Company's commerce—we may for the present assume that the whole, and consequently the annual interest appertaining to it, was fairly chargeable upon the territorial revenues of India. The real question will then be, whether those revenues have been sufficiently productive since 1793 to admit of the payment of all appropriate political charges, together with this annual interest; or whether there has been such a defalcation of territorial revenue, as to require *any and what addition to the debt of 1793 in order to supply that deficiency*; and the Reports and Appendices, when combined and carried out to their necessary and infallible consequences, will present us with the most satisfactory and conclusive answer.

By the method I shall pursue in stating the amount of the revenues and territorial charges for each successive year, it will be impossible to avoid details and repetitions

which can hardly fail to be tedious; but it will perhaps be allowed that this form of statement affords to an objector the utmost facility for investigation, by comparison with official documents, and the consequent detection of errors if such have been committed. The increased deficiency of territorial revenue since 1793, insisted on by the Honourable Company, if it exist, must have had a *commencement*; and to nullify my conclusions, it will only be necessary to shew in what particular year I have either surcharged the Indian revenue, or omitted an amount of legitimate territorial disbursement of which they have rendered an account, and of which the admission would have converted my alleged surplus into a deficiency.

App. 6 to 2 Rep. p. 86.	In the year 1793-4, the gross revenues of India amounted to.....	£8,276,770
Do. p. 87.	The charges, including those on subsidies, &c. were.....	£6,066,924
Do. do.	Supply to Bencoolen, Penang, &c. ....	40,822
App. 46 to 3 Rep. p. 60.	Political charges paid in England ....	171,392
App. 6 to 2 Rep. p. 87.	Interest on debts as stated by the Company, .....	526,205
		<hr/> 6,805,343

There was therefore a surplus revenue this year  
of..... £1,471,427

In 1794-5 the gross revenues amounted to.....	£8,026,193	App. 6 to 2 Rep. p.86.
The charges including those on subsi- dies, &c. ....	£6,083,507	Do. p. 87.
Supply to Bencoolen, Penang, &c.....	62,080	Do. do.
Political charges paid in England .....	163,399	App. 46 to 3 Rep. p.60.
Interest on debts as stated by the Com- pany.....	484,301	App. 6 to 2 Rep, p.87.
	<hr/> 6,793,287	

SURPLUS revenue of this year.....1,232,906  
 To which add the surplus revenue of the former year 1,471,427

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State of the REVENUE at the end of 1794-5,  
 SURPLUS .....£2,704,333

In 1795-6 the gross revenues amounted to.....	£7,866,094	App. 6 to 2 Rep. p.86.
The charges including those on subsi- dies, &c.....	£6,474,247	Do. p. 87.
Supply to Bencoolen, Penang, &c. ....	104,154	Do. do.
Political charges paid in England ....	199,128	App. 46 to 3 Rep. p.60.
Interest on debts as stated by the Com- pany.....	414,750	App. 6 to 2 Rep. p.87.
	<hr/> 7,192,279	

SURPLUS revenue of this year..... 673,815  
 To which add the surplus of former years ..... 2,704,333

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State of the REVENUE at the end of 1795-6,  
 SURPLUS ..... 3,378,148

App. 6 to 2 Rep. p. 86.	In 1796-7 The gross revenues amounted to....	£8,016,171
Do. p. 87.	The charges including those on subsi- dies, &c.....	7,081,191
Do. do.	Supply to Bencoolen, Penang, &c. ....	101,190
App. 46 to 3 Rep. p. 60	Political charges paid in England .....	375,097
App. 6 to 2 Rep. p. 87.	Interest on debts as stated by the Com- pany .....	426,847
		<hr/> 7,984,325
	SURPLUS Revenue of this year .....	31,846
	To which add the surplus of former years .....	3,378,148
		<hr/>
	State of the REVENUE at the end of 1796-7	
	SURPLUS .....	3,409,994

Down to this period of 1796-7 it is obvious that there could be no necessity, with reference to any territorial or political expenditure, to increase the debt of 1793, so far were these revenues from having proved deficient that they had actually realized a surplus of 3,409,994*l.* after discharging all appropriate demands upon them including interest. If, therefore, the debt was increased within this period the necessity must have arisen from some other cause, and there can be but little difficulty in assigning the true one, viz. supplies to the commercial branch of the Com-

pany's concerns for distribution in England.  
What then were the facts respecting the IN-  
DIAN DEBT?—

In 1795-6 it was increased .....	£ 336,950	App. 7 to
and in 1796-7 further increased .....	2,006,851	2 Rep. p. 95.
	<hr/>	do. do.
	2,343,801	

Against which there had been		
paid off in 1793-4 .....	666,408	do. do.
and in 1794-5 .....	506,325	do. do.
	<hr/>	
	1,172,733	

Thus therefore in 1796-7 with a Surplus of territo-  
rial revenue amounting to 3,409,994*l.* which if  
not diverted to other purposes would have been  
applicable to the DIMINUTION of Indian debt  
that debt had sustained an INCREASE of ..... 1,171,068

which is charged together with the accruing  
interest upon the territorial revenues of India  
although it is manifest that no part of it was  
required, or could possibly have been applied  
in aid of those revenues.

Hitherto the interest as well as all other  
charges has been taken at the amount stated  
by the Company, being considered properly  
applicable to the territorial debt; but hence-  
forward because in accordance with the Com-  
pany's maxim that all increase of Indian debt,  
for whatever purpose required, belongs to  
territorial revenue, they have charged that  
revenue with a greatly enhanced amount of

interest, a different rule must be observed—and the Honourable Committee have dictated the course to be pursued, by declaring that it must be “*governed entirely by that of the debt itself.*” Now as it has been shewn that there was no *political* necessity for an augmentation of the DEBT, so neither could there be any *political* occasion for an increase of the INTEREST; which will therefore be continued at the amount of 1796-7 (all other charges being taken as indicated by the Company) until the circumstances of the territorial revenue, apart from all consideration of the requirements of COMMERCE, shall appear to demand an alteration.

App. 6 to 2 Rep. p. 86.	In 1797-8 the gross revenues amounted to . . . .	£8,059,880
Do. p. 87.	The charges including those on subsidies, &c. . . . .	7,411,401
Do. do.	Supply to Bencoolen, Penang, &c. . . . .	163,299
App. 46 to 3 Rep. p. 60.	Political charges paid in England . . . .	203,784
	Interest on debts as charged in 1796-7	426,847
		<hr/> 8,205,331
	DEFICIENCY of revenue this year . . . . .	145,451
	To be deducted from the former surplus of . . . .	3,409,994
		<hr/>
	State of the REVENUE at the end of 1797-8	
	SURPLUS . . . . .	3,264,543
		<hr/>
App. 7 to 2 Rep. p. 95.	Increase of Indian debt this year . . . .	1,723,855
	In addition to the increase in 1796-7 . .	1,171,068
		<hr/> 2,894,923

In 1798-9 The gross revenues amounted to ....	£8,652,033	App. 6 to 2 Rep. p.86
The charges including those on subsi- dies, &c.....	8,417,813	Do. p. 87.
Supply to Benoolen, Penang, &c. ....	120,668	Do. do.
Political charges paid in England ....	300,736	App. 46 to 3 Rep. p.60.
Interest on debts as charged in 1796-7..	426,847	
	<hr/> 9,266,064	
DEFICIENCY of revenue this year .....	614,031	
To be deducted from the former surplus .....	3,264,543	
State of the REVENUE at the end of 1798-9		
SURPLUS .....	2,650,512	
Increase of INDIAN DEBT this year ..	1,717,778	App. 7 to 2 Rep. p.95.
In addition to the former increase ....	2,894,923	
	<hr/> 4,612,701	

In 1799-1800 the gross revenues amounted to ..	£9,736,672	App. 6 to 2 Rep. p.86.
The charges including those on subsi- dies, &c.....	8,998,154	Do. p. 87.
Supply to Bencoolen, Penang, &c.....	171,363	do. do.
Political charges paid in England ....	273,817	App. 46 to 3 Rep. p.60.
Interest on debts as charged in 1796-7	426,847	
	<hr/> 9,870,181	

DEFICIENCY of revenue this year .....	133,509
To be deducted from the former surplus of .....	2,650,512
State of the REVENUE at the end of 1799-1800	
SURPLUS .....	2,517,003

Increase of INDIAN DEBT this year ..	1,414,770	App. 7 to 2 Rep. p.95.
In addition to the former increase ....	4,612,701	
	<hr/> 6,027,471	



App. 6 to 2 Rep. p.86.	In 1800-1 the gross revenues amounted to....	£10,485,059
Do. p. 87.	The charges, including those on subsidies, &c. ....	£10,405,501
Do. do.	Supply to Bencoolen, Penang, &c.....	156,325
App. 46 to 3 Rep. p.60.	Political charges paid in England....	307,635
	Interest on debt as charged in 1796-7	426,847
		<hr/> 11,296,308

DEFICIENCY of revenue this year.....£811,249  
 To be deducted from the former surplus of.....2,517,003

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State of the REVENUE at the end of 1800-1

SURPLUS .....1,705,754

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App. 7 to 2 Rep. p.95.	Increase of INDIAN DEBT this year..	£2,611,307
	In addition to the former increase....	6,027,471
		<hr/> 8,638,778

App. 6 to 2 Rep. p.86.	In 1801-2 the gross revenues amounted to....	£12,163,589
Do. p. 87.	The charges including those on subsidies, &c. ....	£11,023,452
Do. do.	Supply to Bencoolen, Penang, &c.....	241,220
App. 46 to 3 Rep. p.60.	Political charges paid in England.....	482,730
	Interest on debts as charged in 1796-7..	426,847
		<hr/> 12,174,249

DEFICIENCY of revenue this year.....10,660  
 To be deducted from the former surplus of.....1,705,754

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State of the REVENUE at the end of 1801-2

SURPLUS .....£1,695,094

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App. 7 to 2 Rep. p.95.	Increase of INDIAN DEBT this year..	£1,793,437
	In addition to the former increase....	8,638,778

10,432,215

In 1802-3 the gross revenues amounted to....	£13,464,537	App. 6 to 2 Rep. p.86.
The charges, including those on subsi- dies, &c.....	£10,965,427	Do. p. 87.
Supply to Bencoolen, Penang, &c.....	196,848	Do. do.
Political charges paid in England....	393,207	App. 46 to 3 Rep. p.60.
Interest on the debts as charged in 1796-7.....	426,847	
	<hr/> 11,982,329	
SURPLUS of revenue this year.....	1,482,208	
To be added to the former surplus of.....	1,695,094	
	<hr/>	
State of the REVENUE at the end of 1802-3		
SURPLUS .....	3,177,302	
	<hr/>	
Increase of INDIAN debt this year..	£1,168,373	
In addition to the former increase	10,432,215	App. 7 to 2 Rep. p.95.
	<hr/> 11,600,588	

With reference to this period of 1802-3, there is in the second Report of the Select Committee of the House of Commons (page 63) this very striking observation : “ On the “ eleven years 1792-3 to 1802-3, the revenues “ of India have proved more than sufficient “ to defray every demand for expence of ad- “ ministration and government and the inter- “ est on the debts, by the sum of 3,734,445*l*.

It will be borne in mind that I commence my statements one year later, viz. in 1793-4,

which with the difference of interest and the omission of the Honourable Committee to debit the revenue with the political charges paid in England, will account for the discrepancy between my surplus in 1802-3, 3,177,302*l.* and the larger amount admitted by them, 3,734,445*l.* The accuracy of this calculation by the Honourable Committee is not the matter now in question ; but the circumstance calculated to excite surprise, is, that while making this declaration of a large SURPLUS OF REVENUE during those years, the Honourable Committee should not have adverted to the contemporaneous fact, that the INDIAN DEBT had in the mean time (or from 1793-4 to 1802-3) been *increased in no less an amount than* 11,600,588*l.*, and charged, together with the interest, to “ territorial revenue.” How can the co-existence of a SURPLUS REVENUE of 3,734,445*l.*, and an AUGMENTATION OF DEBT to the amount of 11,600,588*l.*, *ostensibly contracted to supply the DEFICIENCIES of that revenue* be reconciled?—Is it possible that any part of these eleven millions should have been applied to the “ administration and government” of India ? The Honourable Committee negative the supposition in the most decisive manner : they inform us (most truly) that the revenues of India have proved

“ more than sufficient” for those purposes during the period wherein the debt was incurred. To what purpose, then, has this amount been applied if not to the assistance of the commercial branch of the Company’s affairs ? This is a question to which no satisfactory answer is to be found in any part of these voluminous documents. The Honourable Committee have indeed informed us, that in the *succeeding* six years, 1803-4 to 1808-9, 2 Rep. p.63. “ those demands being greatly increased, the “ revenues were not found sufficient for their “ discharge, or in other words the demands “ exceeded the revenues in the sum of “ 8,722,121*l*.” But the demands can only be shewn to have exceeded the revenues in this amount, by admitting as a charge against the revenue in these six years no less a sum than 11,513,451*l*., for “ INTEREST ON DEBTS” including interest on the increased debt of 1802-3, of which we have just seen that the principal could neither have been wanted nor used on territorial account ; and this increment of Indian debt is gradually augmented until we shall find it amount in 1808-9 to 22,905,123*l*., in addition to the original debt of 1793.

App. 6 to 2 Rep. p. 86.	In 1803-4, the gross revenues amounted to ..	£13,271,385
Do. p. 87.	The charges, including those on sub- sidies, &c. ....	13,001,083
Do. do.	Supply to Bencoolen, Penang, &c. ..	304,056
App. 46 to 3 Rep. p. 60.	Political charges paid in England ..	435,224
	Interest on debts as charged in 1796-7 .....	426,847
		<hr/> 14,167,210
	DEFICIENCY of revenue this year .....	895,825
	To be deducted from the former surplus of .....	3,177,302
		<hr/>
	State of the REVENUE at the end of 1803-4—	
	SURPLUS .....	2,281,477
		<hr/>
App. 7 to 2 Rep. p. 95.	Increase of INDIAN DEBT this year..	2,549,229
	In addition to the former increase ..	11,600,518
		<hr/> 14,149,817
App. 6 to 2 Rep. p. 86.	In 1804-5, the gross revenues amounted to ....	£14,949,395
Do. p. 87.	The charges, including those on sub- sidies, &c. ....	14,548,433
Do. do.	Supply to Bencoolen, Penang, &c... ..	372,163
App. 46 to 3 Rep. p. 60.	Political charges paid in England ..	485,604
	Interest on debts as charged in 1796-7 .....	426,847
		<hr/> 15,833,047
	DEFICIENCY of revenue this year .....	883,652
	To be deducted from the former surplus of.. ..	2,281,477
		<hr/>
	State of the REVENUE at the end of 1804-5—	
	SURPLUS .....	1,397,825
		<hr/>
App. 7 to 2 Rep. p. 95.	Increase of INDIAN DEBT this year..	3,505,149
	In addition to the former increase..	14,149,817
		<hr/> 17,654,966

Here it may be expedient again to pause and consider the relative circumstances of the “ territorial revenue,” and of the “ Indian debt.” We have seen that from 1793-4 to 1804-5 inclusive, there was not a single year in which the state of the revenue rendered it necessary to have recourse to loans for political purposes : throughout the whole period, notwithstanding occasional deficiencies in particular seasons, the revenue has been found equal to the discharge of all territorial demands, and allowing at the end of each year a surplus, sometimes of several millions, but never of so small an amount as a million sterling, to remain in the treasury on revenue account. Yet, during this period, we have also seen the Indian debt augmented by no less a sum than 17,654,966*l.*, no part of which was required to cover deficiencies of Indian revenue. The solution of this otherwise inexplicable inconsistency is to be found in the extract quoted at (*p.* **671**.) from the Report of the Honourable Committee of the House of Commons, from which we learn, that the Indian treasury was alike open to the commercial, as to the territorial agents of the Company ; and the defalcation occasioned by advances to the former, for investments to China and England, beyond the amount of remittances

from Leadenhall Street, was supplied by loans, which, with their accompanying interest, are fixed upon the “territorial revenue” of India.

We now, however, approach the period, when increased territorial charges, including arrears incurred during the Mahratta war, rendered necessary a loan for political purposes in aid of Indian revenue; but it will be seen that the exigency was limited in amount, and temporary in duration, and that a loan of 2,500,000*l.* from 1806-7 to 1811-12, would have been fully adequate to the occasion.

App. 6 to 2 Rep. p.86.	In 1805-6, the gross revenues amounted to.....	£15,403,409
Do. p. 87.	The charges, including those on sub- sidies .....	15,561,328
Do. do.	Supply to Bencoolen, Penang, &c...	250,599
App. 46 to 3 Rep. p.60.	Political charges paid in England ..	575,795
	Interest on debts as charged in 1796-7.....	426,847
		<hr/> 16,814,569
	DEFICIENCY of revenue this year .....	1,411,160
	Deduct the surplus of former years.....	1,397,825
		<hr/>
	And the REVENUE is found at the end of this year, DEFICIENT upon the whole period.....	13,335
		<hr/>
App. 7 to 2 Rep. p.95.	Increase of INDIAN DEBT this year..	2,875,408
	In addition to the former increase..	17,654,966
		<hr/> 20,530,374

In 1806-7, the gross revenues amounted to	£14,535,739	App. 6 to 2 Rep. p 86.
There had also been received on account of the Chinsurah cause	54,601	App. 28 to 4 Rep. p.85.
And it was further necessary to raise by loan	2,500,000	
	<hr/>	
	17,090,340	

The charges, including those on sub- sidies, &c.	15,283,908	App. 6 to 2 Rep. p.87.
Supplies to Bencoolen, Penang, &c...	179,197	Do. do.
Political charges paid in England ..	492,083	App. 46 to 3 Rep. p.60.
Interest as charged in 1796-7,	426,847	
Add interest on 2,500,000 <i>l</i> .		
at 8 per cent.....	200,000	
	<hr/>	
	626,847	
	<hr/>	
	16,582,035	
	<hr/>	

There would therefore remain of the revenue and loan	508,305
Deduct the deficiency of the former period	13,335
	<hr/>

And the state of the REVENUE at the end of  
1806-7, would be SURPLUS..... 494,970

Increase of INDIAN DEBT this year..	1,742,302	App. 7 to 2 Rep. p.95.
In addition to the former increase ..	20,530,374	
	<hr/>	
	22,272,676	



App. 6 to 2 Rep. p. 86.	In 1807-8, the gross revenues amounted to	....£15,669,905
Do. p. 87.	The charges, including those on sub- sidies, &c.	13,624,622
Do. do.	Supply to Bencoolen, Penang, &c. ..	128,737
App. 46 to 3 Rep. p. 60.	Political charges paid in England ..	505,797
	Interest as charged in 1796-7, 426,847	
	And on 2,500,000 <i>l.</i> , at 8 per cent. ....	200,000
		<hr/> 626,847
		<hr/> 14,886,003
	SURPLUS of revenue this year .....	783,902
	Add surplus of the former year .....	494,970
		<hr/>
	State of the REVENUE at the end of 1807-8—	
	SURPLUS .....	1,278,872
		<hr/>
App. 7 to 2 Rep. p. 95.	Increase of INDIAN DEBT this year..	1,763,478
	In addition to the former increase ..	22,272,676
		<hr/> 24,036,154

App. 6 to 2 Rep. p. 86.	In 1808-9, the gross revenues amounted to	....£15,525,055
Do. p. 87.	The charges, including those on sub- sidies, &c.	13,151,224
Do. do.	Supply to Bencoolen, Penang, &c. ..	158,208
App. 46 to 3 Rep. p. 60.	Political charges paid in England ..	550,766
	Interest as charged in 1796-7, 426,847	
	And on 2,500,000 <i>l.</i> at 8 per cent. ....	200,000
		<hr/> 626,847
		<hr/> 14,487,045
	SURPLUS of revenue this year .....	1,038,010

Brought forward .....	£1,038,010
Add surplus of former years .....	1,278,872
<hr/>	
State of the REVENUE at the end of 1808-9 —	
SURPLUS .....	2,316,882

In this year a part of the INDIAN	
DEBT was paid off, viz. ....	1,131,031
Which being deducted from the	
amount in 1807-8 .....	24,036,154
<hr/>	
Leaves the amount of INDIAN DEBT	
in 1808-9 .....	22,905,123

App. 7 to  
2 Rep. p. 95.

At this period of 1808-9, the date to which the “Reports” quoted extend; we find that the true state of the Indian territorial revenue, *if unincumbered by* COMMERCE, would have been the surplus above stated 2,316,882*l.*;

But with an addition of .....	£2,500,000
To the debt of May 1793 .....	7,971,668
Total amount of Indian debt, from	
which alone the “territorial reve-	
“nue” required, or could have re-	
ceived assistance .....	10,471,668
While in point of fact, to the Indian	
debt of 1793 .....	7,971,668
There had been an addition of .....	22,905,123
Total amount of Indian debt, for	
which territorial revenue has been	
made responsible .....	30,876,791
<hr/>	

Balance—being the amount which in	
1808-9 “TERRITORIAL REVE-	
NUE” by being made responsible	
for “INDIAN DEBT” had contri-	
buted to “COMMERCE.” .....	20,405,123

The Honourable Committee, in concluding their Second Report, profess to have disposed of “ that branch of the financial system of the “ East India Company, comprising the ORDINARY receipt and expenditure or the revenues and charges of the territorial possessions in India.” It has been shewn, that *on the eleven years, 1792-3 to 1802-3*, they admit a revenue “ more than sufficient to defray “ every demand for expence of administration “ and government, and the interest on the “ debt;” but it is alleged that subsequently, viz., from 1803-4 to 1808-9, the demands exceeded the revenues, so that *upon the whole period, from 1792-3 to 1808-9*, there was an excess of political charge beyond the revenue, of 4,987,676*l.*; afterwards adjusted to 5,078,015*l.*—but this excess of charge is admitted to exist, only “ *after defraying the interest on the debts,*” and the amount debited for that interest, for the whole period, is no less a sum than 20,095,222*l.* The Committee have, in various parts of the Reports, intimated a thorough consciousness that the whole of this charge ought not to have been admitted against the territorial revenues, but have struggled with the apparent difficulty of ascertaining with precision, what portion of it should be fixed upon the commercial branch

3 Rep. p. 1.

App. 6 to  
2 Rep.

of the Company's affairs. It is respectfully submitted, that in the preceding pages incontestable proofs have been adduced, that no part of the principal, or interest, of the increased Indian debt, (except the 2,500,000% wanted in 1806-7,) properly attaches to territorial revenue; of which the annual progress has been traced from indisputable authorities simultaneously with the annual progress of Indian debt; and the result is found to be, that from 1793-4 to 1808-9 inclusive, there had been an accumulation of 20,405,123% of debt, beyond what could have been necessary for the purposes of revenue; which, therefore, can only have been created *through the necessity of providing* COMMERCIAL ASSETS.

The Honourable Committee in their Second Report, p. 65, have entered into a discussion, of which the object is, "to shew the whole  
 " extent of the positive demands upon the  
 " resources of India in the way of charge, *both*  
 " *political and commercial*, in order to form  
 " some idea how far the money raised upon  
 " loan, which will appear in the increase of  
 " the debt, may have been on account of  
 " those demands," and they arrive at the conclusion, that of the increased debt, from 1792-3 to 1808-9, which they  
 state at . . . . . '£21,734,068

Brought forward . .	£21,734,068
A portion is accounted for in increased assets, <i>territorial and commercial</i> , in 1808-9, over those of 1792-3 . . .	12,580,730

And the balance they consider as “ the amount which on this “ view, the concern in India is “ stated to have <i>deteriorated</i> “ during the period under “ examination,” viz. . .	9,153,338
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Which by subsequent “ adjust- “ ments” they have found 3 Rep. p.14. reason to extend to . .	*£12,606,528
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This “ deterioration” announced by the Committee, is, in the language of merchants, a loss from 1792-3 to 1808-9 of 12,606,528*l.* ; though it is admitted that this result cannot

\* This is the alleged deterioration *in India*. In their Fourth Report, pages 37, 38, and 40, they have entered into an examination of the Company’s affairs *at home*, and have stated, as the combined result of the Company’s concerns in *Europe and India*—*territorial*—*commercial*—and *doubtful whether territorial or commercial*—a deterioration from April, 1792, to April, 1809, of 14,020,566*l.*

be depended on as perfectly accurate: but the question discussed by the Honourable Committee, although appearing upon the first view to have some affinity to the subject we have been considering, is *nevertheless perfectly distinct from it*. Our enquiry is this — Has the commercial branch of the Company's concerns been relieved to any and what amount from their territorial revenues? The answer is, that from 1793-4 to 1808-9 it had been so assisted to the amount of 20,405,123*l.*; and this result cannot be affected by any consideration connected with increase of assets, because the cost of those assets, so far as they are territorial, is understood to be included in the charges.\* The Honourable Committee have forborne to grapple with this question in any other way, than by taking for granted that all the interest on the whole Indian debt must be charged to account of the revenue, thereby diminishing the proportion of loss which

\* “These stores (speaking of dead stock) are composed partly of stores purchased and paid for in India, and partly of stores purchased and paid for in England: the cost of the former *has been included in the Indian charges* — the cost of the latter *has been stated in the home charges*.” — Papers printed Feb. 1830, No. 19, p. 49.

would otherwise fall upon commerce, by producing an apparent deficiency of revenue, to be supplied by loans ; but if there were no deficiency of revenue beyond what has been shewn, it necessarily follows that this admitted loss of 12,606,528*l.* was a *loss by* COMMERCE.

App. 26 to  
3 Rep.

In the 3rd Report the Honourable Committee have engaged in elaborate and somewhat abstruse calculations, to show the probable application of the “ EXTRAORDINARY ” receipt and disbursement of India from 1792-3 to 1808-9 inclusive ; for which purpose they bring to the debit of the statement the *loans in India* and the *supplies from England* ; and to the credit the *political and commercial* disbursements, to which in their judgment the former have been applied ; beginning with the alleged excess of political charges, 5,078,015*l.* before alluded to : but in this, as in other instances, the real question at issue is altogether avoided. If it were asked whether the Company can account by *commercial and political* disbursements, for the whole of their receipts, including Indian loans, the results given might be received as sufficiently conclusive ; but when it is further enquired how much of these is properly *political*, and how

much *commercial*, we discover that an additional process is necessary. Let us then try the effect of separating from the blended statement of the Honourable Committee, so far as circumstances will permit, those facts which are *certainly and exclusively* COMMERCIAL.

In the statement No. 26, Appendix to Third Report, we have a list of disbursements clearly commercial, or in direct supply of England, including the net supplies from India to China, amounting to .....£34,597,435

In the same statement we have an account of loss on remittances and consignments from port to port in India ..... 873,403

(And losses at the several presidencies, not included in the charges, which may be either territorial or commercial, 461,428*l*.)

In page 11 of the Third Report we are apprised that in the "*charges of India*," is included a sum paid on account of Ceylon and the Dutch settlements, to be received in England from His Majesty's government..... 3,675,533

(Mem. I do not here debit commerce with a further sum of 3,313,268*l*. also to be received from His Majesty's Government on the same account charged in the "*Interest paid in India*," having



Brought forward .....£39,146,371  
 in my statements only admitted as a  
 charge of interest against territorial re-  
 venue, the sum properly due on territorial  
 debt.)

In page 14 of the Third Report, we have a  
 statement of “deterioration,” or *loss*, as  
 before mentioned, which is certainly com-  
 mercial ..... 12,606,528

Making together an amount supplied to com-  
 merce of ..... 51,752,899

Now how much of this amount has  
 commerce supplied from its own resour-  
 ces? The Honourable Committee an-  
 swer that question in their statement  
 No. 26, Appendix to the Third Re-  
 port.

“Received in supplies from England —

“Sales of goods and stores.....£8,904,068

“In bullion ..... 7,360,752

“For bills of exchange on the

“Court of Directors, including

“those for principal and interest

“of the debts..... 14,746,038

“Received on sundry accounts.. 393,372

The whole amount, then, which has  
 been contributed by the commercial  
 branch towards the 51,752,899*l*.

supplied to it, is only ..... 31,404,230

Leaving an amount which has been derived from  
 other sources, not commercial, and, therefore,  
 from territorial revenues, or through the me-  
 dium of loans, with which territorial revenue is  
 charged .....£20,348,669

The correspondence of this amount with the result of the annual statements of revenue and loan accounts in *p. 703*, though remarkable, is not the circumstance relied on in proof of the correctness of the principle, by which territorial revenue had through that process, being found a creditor of commerce 20,405,123*l.* ; perfect accuracy is not to be expected from any *separate* statement of the *commercial* concerns of the Company, founded only on the inadequate documents laid before Parliament ; but the accounts of *Indian Revenue* are not in the same degree open to the same objection ; and upon these must rest the PROOF of the true relations between the two branches of the Company's affairs.

I proceed to state, upon the same principles, the Revenue Accounts of the subsequent years, from the same authorities.

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Papers, Feb. 1830, No. 2, p. 14.	In 1809-10, the gross revenues amounted to . . . .£16,464,391
App. 46 to 3 Rep. p. 60.	And there had been received from His Majesty's Government for political freight and demurrage 289,076

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16,753,467

Papers, Feb. 1830, No. 2, p. 15.	The charges, including those on ceded and conquered countries, as stated £13,775,577
Do. do.	Net charge of Bencoolen, Prince of Wales' Island, &c. . . . . 119,540
Do. do.	Net charge of St. Helena . . . . . 83,821
Do. do.*	Territorial charges paid in England.. 1,057,225
	Interest on debts, as in 1796-7 . . . . . 426,847
	And one year's interest on 2,500,000 <i>l.</i> . . . . . 200,000
	<hr/> 626,847
	<hr/> 15,663,010

SURPLUS revenue of this year. . . . .	1,090,457
Add surplus of former years . . . . .	2,316,882

State of the REVENUE at the end of 1809-10 —	
SURPLUS . . . . .	3,407,339

Papers, Feb. 1830, No. 3, p. 25.	Increase of INDIAN DEBT this year.. £1,089,269
	In addition to the former increase .. 22,905,123
	<hr/> 23,994,392

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\* In 1808-9, the "estimate" given for political charges in 1809-10, is 565,931*l.*—(App. 46 to Third Report.)

Papers,  
Feb. 1830,  
No. 2. p. 14.  
Do. p. 15.

Do. do.

Do. do.

Do. do.

In 1810-11, the gross revenues amounted to . . . .	16,679,198	
The charges, including those of ceded and conquered countries . . . . .	£13,909,983	
Net charge of Bencoolen, Prince of Wales Island, &c. . . . .	108,443	
Net charge of St. Helena . . . . .	81,220	
Territorial charges paid in England . .	1,119,391	
Interest on debts, as in 1796-7 . . . . .	426,847	
And one year's interest on 2,500,000 <i>l.</i> . . . . .	200,000	
	<hr/>	
	626,847	
	<hr/>	
	15,845,884	

SURPLUS of revenue this year . . . . .	833,314
Add surplus of former years . . . . .	3,407,339

State of the REVENUE at the end of 1810-11 —	
SURPLUS . . . . .	4,240,653

Papers,  
Feb. 1830,  
No. 3. p. 25.

Indian Debt paid off this year . . . .	3,471,578
To be deducted from the increase of former years . . . . .	23,994,392
	<hr/>
	20,522,814

In the succeeding year, 1811-12, there was so large a surplus of revenue, as, being added to the existing surplus, to admit of the repayment of the loan of 2,500,000*l.* rendered necessary in 1806-7 by a deficiency of revenue in that and some preceding years; which sum

will therefore be charged to the account, and the interest will henceforward be reduced to the amount in 1796-7, as appertaining to the debt of 1793, until the accumulation of surplus revenue shall furnish a sufficient fund for the discharge of that debt also; when the charge of interest will cease altogether.

Papers, Feb. 1830.	In 1811-12 the gross revenues amounted to....	£16,605,616
No. 2. p. 14.	The charges, including those on ceded	
Do. p. 15.	and conquered countries.....	£13,220,967
Do. do.	Net charge of Bencoolen, Prince of	
	Wales Island, &c. ....	86,434
Do. do.	Net charge of St. Helena.....	81,854
Do. do.	Territorial charges paid in England..	1,077,768
	Interest on the debt of 1793 as in	
	1796-7 .....	426,847
	LOAN OF 1806-7 repaid .....	2,500,000
		<hr/> 17,393,870
	DEFICIENCY on this year's account, after charging	
	loan repaid .....	788,254
	To be deducted from the former surplus .....	4,240,653
		<hr/>
	State of the REVENUE at the end of 1811-12 —	
	SURPLUS .....	3,452,399
		<hr/>
Papers, Feb. 1830.	Increase of INDIAN DEBT this year..	1,440,521
No. 3. p. 25.	In addition to the former increase ..	20,522,814
		<hr/> 21,963,335
		<hr/>

In 1812-13 the gross revenues amounted to ....	£16,459,774	Papers, Feb. 1830. No. 2. p. 14.
The charges, including those on ceded and conquered countries .....	13,659,429	Do. p. 15.
Net charge of Bencoolen, Prince of Wales' Island, &c. ....	118,357	Do. do.
Net charge of St. Helena.....	82,992	Do. do.
Territorial charges paid in England..	1,378,760	Do. do.
Interest on the debt of 1793 .....	426,847	
	<hr/> 15,666,385	
SURPLUS revenue this year.....	793,389	
Add the surplus of former years.....	3,452,399	
	<hr/>	
State of the REVENUE at the end of 1812-13 —		
SURPLUS.....	4,245,788	
	<hr/>	
Increase of INDIAN DEBT this year..	289,897	Papers, Feb. 1830. No. 3. p. 25.
In addition to the former increase....	21,963,335	
	<hr/> 22,253,232	

We are now arrived at the year wherein the Act of Parliament of 1793, 32 Geo. 3. c. 52, approaches its termination, and in taking a retrospect of the financial operations of the intervening period, are naturally led to revert to those provisions of the Act by which they were intended to be directed and controlled. It purports to be “ An Act (amongst other “ things) for appropriating to certain uses the “ revenues and profits of the Company ;” and

the 107th section prescribes the appropriation of the SURPLUS TERRITORIAL REVENUE OF INDIA, after “defraying all the charges and “expenses of raising and maintaining the “forces, as well European as Native, military “and marine, on the establishment in India, “and of maintaining the forts and garrisons “there, and providing warlike and naval “stores ;” to the following objects, and in the following order of preference —

“ *In payment of the interest accruing on the “debts owing, or which may be hereafter incurred “by the said Company in India :*”

“ In defraying the civil and commercial “establishments of the said Company at “their several settlements there :”—

In the issue, of not less than a crore of rupees, or a million sterling annually for providing investments for India and China, to be increased in proportion to the *reduction* of the debt ; and to the *liquidation* of the debt itself ; or to such other purposes as the Court of Directors, with the consent of the Board of Control, may direct. •

The first observation forced upon the attention of every one who considers these provisions of the Act, must necessarily be, that they confidently anticipate a very large annual surplus of territorial revenue, and

consequently, that nothing could be more distant from the contemplation of the legislature, than an augmentation of the existing Indian debt for the purpose of assisting the revenue; since it is the surplus only which is to be applicable to the objects above described. The 108th section, in providing for the transfer of a portion of the Indian debt to England, to be there discharged, distinctly recognizes the expectation that it will be reduced to two millions sterling; and the 112th section is, as follows:—

“ Provided also, and be it further enacted,  
 “ that if the debts of the said Company in India,  
 “ *after the same shall have been reduced to two*  
 “ *crores of current rupees, or two millions of*  
 “ *pounds sterling, shall be again increased be-*  
 “ *yond that amount,* or if their bond debt in  
 “ Great Britain, after the same shall have  
 “ been reduced to one million five hundred  
 “ thousand pounds, shall be again increased  
 “ beyond that sum, then, and so often as  
 “ either of those cases shall happen, the like  
 “ appropriations as are hereinbefore directed,  
 “ or authorized to be made for the reduction of  
 “ the said present debts shall again take place,  
 “ and be made for the reduction of the said  
 “ new debts respectively, until the whole of  
 “ the debts of the said Company in India shall



“ be again reduced to two crores of current  
 “ rupees, and their bond debt in Great Britain  
 “ to one million five hundred thousand pounds,  
 “ anything in this Act contained to the con-  
 “ trary notwithstanding.”

And it is only with reference to, and in the strictest connexion with this section, that the provision for the payment of interest on debts, “ which may be *hereafter* incurred” by the Company, can reasonably be interpreted. It cannot be supposed to have been intended to provide from the actual SURPLUS of Indian revenue, for the payment of interest upon loans required to supply the actual DEFICIENCIES of that revenue. There is a manifest contradiction upon the face of the proposition ; and accordingly we find, that during the two years next succeeding the passing of the Act, the Company proceeded upon the *spirit* of its injunctions, and applied a portion of the surplus revenue to the reduction of the debt.

In the year 1793-4, there was a  
 surplus revenue, after payment  
 of all charges in India and En-  
 gland, and all interest on debts,  
 as stated, *p.* **688**, of . . . £1,471,427  
 Out of which was paid a part of the  
 debt, amounting to . . . 666,408

Leaving a net surplus of . . . 805,019

In the year 1794-5, the surplus revenue, after paying all charges in India and England, and all interest on debts, was, as stated,

*p.* **689**. . . . . 1,232,906

---

2,037,925

And in that year, a farther portion of the debt was paid off, amounting to . . . . .

506,325

App. 7 to  
2 Rep. p. 95.

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Leaving a net surplus of . . . . 1,531,600

In 1795-6, the surplus revenue, after paying all charges in India and England, and all interest on debts, was, as stated, *p.* **689**. .

673,815

At this juncture, therefore, there should have remained, after the application of 666,406*l.* and 506,325*l.* to the reduction of Indian debt, a clear and indisputable balance of territorial revenue, applicable to its further reduction, amounting to . . . .

2,205,415

Yet in this year, 1795-6, the Indian debt, instead of being reduced, was *increased* by the

App. 7 to  
2 Rep. p. 95.

App. 7 to  
2 Rep. p. 95.

amount of 336,950*l.*, and in the following year, *with a still continued surplus revenue*, it was further augmented in no less a sum than 2,006,851*l.*

THE REVENUE and the DEBT, we perceive, are now proceeding in an inverse ratio to each other, and it is impossible to reconcile them, upon any other hypothesis, than that the surplus appertaining to the former, was required for the accomplishment of some object altogether unconnected with the reduction of the latter, and equally impossible to suggest any other than the necessities of the Company's COMMERCE. If, indeed, the clause before referred to, providing for the payment of interest on debts, "which may be hereafter incurred," is to be construed according to the letter, independently of the context, and without the restrictions above suggested, it may be considered to include the Honourable Company's warrant for charging an indefinite amount of debt and interest, for whatever purpose required, to territorial revenue; and it follows, that from the moment when that Act received the Royal assent, the Honourable Directors might discharge from their minds all anxiety respecting dividends at home, so long as a crore of rupees could be had upon loan in India, and the revenue there continued

sufficiently productive to supply all territorial charges, together with the additional interest thus created. But it is submitted that this could not have been the intention of the legislature, who have required in the 111th section, that these dividends shall be paid from “ the net proceeds of their sales of goods at home, with the duties and allowances arising by private trade, and all other profits of the said Company in Great Britain,” and did not contemplate the state of things which has actually subsisted for a long succession of years, viz., that these “ net proceeds” in Great Britain, were only, or chiefly, to be obtained in sufficient amount for the purpose, by the application of surplus territorial revenue and Indian loans, to the purchase of investments for England in India and China.

Preliminary to the Act of 21st July, 1813, 53 Geo. 3. c. 155, now in operation, the parliamentary investigations had been instituted, to which references have been made in the preceding pages; and it is not perhaps very surprising, all circumstances considered, that these should have issued in the introduction into the present Act of a provision in the 55th section, respecting the payment of interest on the Indian debt, similar in effect to that above quoted; but in the same connexion with ano-

ther section, the 59th, contemplating a reduction of the debt (no longer to two millions, but) to ten millions sterling, and therefore to be understood in the same sense. If this fixing the interest of the present and future debt upon the territorial revenue, is necessarily to be construed into a declaration by Parliament that the existing debt was contracted for territorial purposes, it must also be received as a permission by the same authority to the Honourable Company to go on, illimitably and without explanation, increasing the Indian debt to whatever amount, and for whatever purpose they may deem expedient; which will hardly be contended for. It is much more reasonable to conclude, that this enactment proceeded from a very different view of the subject; the Honourable Committee had ascertained the existence of a debt in India, amounting to twenty millions sterling, for the principal and interest of which the lenders had a right to expect adequate security. To have declared explicitly that it was contracted for commercial purposes, would have been to assign an extraordinary reason for affixing the whole burthen upon territory; while, on the other hand, there was sufficient evidence that commerce was unable to bear any portion of it. In the mean time, the facts

could not be altered : there was the debt ; the principal had certainly been expended ; the general affairs of the Company were found to have “ *deteriorated* ” in a large amount ; and territorial revenues presented the only source from which there could be any reasonable hope of obtaining the interest ; but these were found to be in a flourishing state and considered capable of supplying deficiencies in the other branch of the Company’s concerns. Accordingly, we find, in the 58th section, a provision, that in the event of the commercial profits at home being insufficient to pay the dividend of 10 per cent., “ it shall and “ may be lawful to make good any such deficiency out of any SURPLUS REVENUE that “ may have arisen in the preceding year of “ account out of the territorial revenues, after “ the payment of all charges, interest of debt “ included.”

It is not necessary to determine whether it was with the same confidence in the solidity of the Indian revenues, that an Act of Parliament was passed in the 52d year of Geo. 3. c. 135, (18th July, 1812,) intituled, “ An Act “ for advancing two millions, five hundred “ thousand pounds to the EAST INDIA COM- “ PANY, *to enable them to discharge part of* “ *their EAST INDIAN debt.*” It, provided for

the interest and a sinking fund to redeem the principal ; *the whole was to be deemed a territorial charge, and to be accounted for as such out of the produce of the revenues of India.* But the circumstances connected with this loan to the Company are these : they received the money in London, *ostensibly, as we have seen, for the purpose of discharging a part of the Indian debt ; yet neither in 1812, 1813, 1814, 1815, 1816, 1817, 1818 or 1819, was the Indian debt reduced in the smallest degree ; on the contrary, from 1812-13 to 1819-20 inclusive, we find it increased, in no less an amount than 10,176,033*l.**

Sect. 64.

The consideration of these facts, will enable us to estimate correctly the practical tendency of that clause in the Act of 1813, which prescribes, that the Honourable Company shall keep distinct books of account at their several presidencies and settlements, of the territorial, and political, and commercial branches of their affairs respectively ; “ and “ that the same shall be made up in such “ manner, that the said books shall contain “ and exhibit the accounts of the territorial “ and political departments separately and “ distinctly from such as appertain to, or are “ connected with, the commercial branch of “ their affairs.” The fair and legitimate ob-

ject of such a separation of accounts, could only be the apportioning to each that share of the general burthens properly belonging to it; and what is the load which is now bearing down and overwhelming the Honourable Company's concerns, if not their commercial losses, superadded to the Indian debt and its consequences? But in these annual statements to recognize as an established and admitted principle, that all Indian debt present and future, and all interest thereon, shall be charged to territorial revenue, if that enactment was intended to be unlimited, and without reference to the *application of the principal funds*, however necessary it may be for the security of Indian creditors, or expedient for the satisfaction of British proprietors, is, as it regards real information and disclosure, to shut the door against enquiry—to prevent any effectual analysis of the accounts—to frustrate the avowed object, and by the means of this very separation to perpetuate the existing delusion.

In proceeding therefore through the series of statements laid before Parliament, in pursuance of the latter Act, I cannot admit *as a matter of fact*, that the whole of the interest on Indian debt has been incurred by the necessity of supplying deficiencies of Indian



revenue, in opposition to the positive and unequivocal evidence of the contrary, supplied by the Company's documents, but must adhere to the principle laid down by the Honourable Committee, which prescribes that the amount of interest to be charged to revenue, must be governed by that of the debt required for the service of the revenue.

Papers, Feb. 1830, No. 2, p. 14.	In 1813-14, the gross revenues amounted to ..	£17,228,711
Do. p. 15.	The charges, including those on ceded and conquered countries .....	13,617,725
Do. do.	Net charge of Bencoolen, Prince of Wales's Island, &c. ....	114,703
Do. do.	Net charge of St. Helena.....	95,254
Do. do.	Territorial charges paid in England..	1,212,413
	Interest on the debt of 1793 .....	426,847
		<hr/> 15,466,942
	SURPLUS revenue this year.....	1,761,769
	Add the surplus of former years .....	4,245,788
		<hr/>
	State of the REVENUE at the end of 1813-14—	
	SURPLUS .....	6,007,557
		<hr/>
Papers, Feb. 1830, No. 3, p. 25.	Increase of INDIAN DEBT this year..	945,433
	In addition to the former increase ..	22,253,232
		<hr/> £23,198,665
		<hr/>

In 1814-15, the gross revenues amounted to ..	£17,231,191	Papers, Feb. 1830, No. 2, p. 14.
The charges, including those on ceded and conquered countries .....	14,182,451	Do. p. 15.
Net charge of Bencoolen, Prince of Wales's Island, &c.....	112,163	Do. do.
Net charge of St. Helena .....	92,087	Do. do.
Territorial charges paid in England..	1,194,596	Do. do.
Interest on the debt of 1793 .....	426,847	
	<hr/> 16,008,144	
SURPLUS revenue this year.....	1,223,047	
Add the surplus of former years .....	6,007,557	
	<hr/>	
State of the REVENUE at the end of 1814-15—		
SURPLUS .....	7,230,604	
	<hr/>	
Increase of INDIAN DEBT this year..	1,671,183	Papers, Feb. 1830, No. 4, p. 27.
In addition to the former increase ..	23,198,665	
	<hr/> £24,869,848	
	<hr/>	
In 1815-16, the gross revenues amounted to ....	£17,168,195	Papers, Feb. 1830, No. 2, p. 14.
The charges, including those of ceded and conquered countries .....	15,081,587	Do. p. 15.
Net charges of Bencoolen, Prince of Wales's Island, &c.....	127,853	Do. do.
Net charges of St. Helena .....	97,705	Do. do.
Territorial charges paid in England..	1,281,885	Do. do.
Interest on the debt of 1793 .....	426,847	
	<hr/> 17,015,877	
SURPLUS revenue this year.....	152,318	
Add the surplus of former years .....	7,230,604	
	<hr/>	
State of the REVENUE at the end of 1815-16—		
SURPLUS .....	7,382,922	
	<hr/>	
Increase of INDIAN DEBT this year..	618,127	Papers, Feb. 1830, No. 4, p. 27.
In addition to the former increase ..	24,869,848	
	<hr/> £25,487,975	

Papers, Feb. 1830, No. 2, p. 14.	In 1816-17, the gross revenues amounted to....	£18,010,135
Do. p. 15.	The charges, including those on ceded and conquered countries .....	15,129,839
Do. do.	Net charge of Bencoolen, Prince of Wales's Island, &c. ....	107,667
Do. do.	Net charge of St. Helena.....	97,705
Do. do.	Territorial charges paid in England..	1,265,550
	Interest on the debt of 1793.....	426,847
		<hr/> 17,027,608
	SURPLUS revenue this year.....	982,527
	Add the surplus of former years .....	7,382,922
		<hr/>
	State of the REVENUE at the end of 1816-17 —	
	SURPLUS.....	8,365,449
		<hr/>
Papers, Feb. 1830, No. 4, p. 27.	Increase of INDIAN DEBT this year..	548,298
	In addition to the former increase ..	25,487,975
		<hr/> £26,036,273

At this period, so far from having found it necessary to incur an additional debt of 26,036,273*l.* to make good deficiencies of territorial revenue, it is perceived that the accumulations of surplus revenue, if preserved inviolate from the exactions of commerce, would have been sufficient to discharge the debt of 1793 ; having during the interval furnished the means of keeping down the interest : and in strict agreement with the object

before us, viz., to separate what is real, from that which is factitious in the accounts, and to exhibit the true bearing of each branch of the Honourable Company's affairs upon their present condition; in the succeeding year the payment of the principal of that debt will be charged against territorial revenue, thereby relieving the account, in conformity with the rule laid down by the Honourable Committee, from all future charge of interest.

In 1817-18 the gross revenues amounted to.....	£18,305,265	Papers, Feb. 1830, No. 2, p. 14.
The charges, including those of ceded and conquered countries.....	15,844,964	Do. p. 15.
Net charge of Bencoolen, Prince of Wales's Island, &c.....	122,088	Do. do.
Net charge of St. Helena .....	97,705	Do. do.
Territorial charges paid in England	1,176,642	Do. do.
Principal of the DEBT OF 1793 dis- charged .....	7,971,668	
	<hr/> 25,213,067	
Leaving the amount of.....	6,907,802	
To be deducted from the former sur- plus of.....	8,365,449	
	<hr/>	
State of the REVENUE at the end of 1817-18, after paying off the debt of 1793. SURPLUS .....	1,457,647	
Increase of INDIAN DEBT this year	971,283	Papers, Feb. 1830, No. 4, p. 27.
In addition to the former Increase ..	26,036,273	
	<hr/> 27,007,556	

Papers, Feb. 1830. No. 2, p. 14.	In 1818-19 the gross revenues amounted to	....£19,392,002
Do. p. 15.	The charges, including those of ceded and conquered countries.....	17,558,615
Do. do.	Net charge of Bencoolen, Prince of Wales's Island, &c.....	112,519
Do. do.	Net charge of St. Helena .....	97,705
Do. do.	Territorial charges paid in England..	1,280,540
		<hr/> 19,049,379

SURPLUS revenue this year.....	342,623
Add the former surplus .....	1,457,647
	<hr/>

State of the REVENUE at the end of 1818-19 —

SURPLUS .....	<hr/> 1,800,270
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Papers, Feb. 1830. No. 4, p. 27.	Increase of INDIAN DEBT this year	2,692,990
	In addition to the former increase ..	27,007,556
		<hr/> 29,700,546

Papers, Feb. 1830. No. 2, p. 14.	In 1819-20 the gross revenues amounted to	.... 19,172,506
Do. p. 15.	The charges, including those of ceded and conquered countries, &c... ..	17,040,848
Do. do.	Net charge of Bencoolen, Prince of Wales's Island, &c.....	144,344
Do. do.	Net charge of St. Helena .....	97,705
Do. do.	Territorial charges paid in England..	1,415,446
		<hr/> 18,698,343

SURPLUS revenue this year .....	474,163
Add the former surplus .....	1,800,270
	<hr/>

State of the REVENUE at the end of 1819-20 —

SURPLUS .....	<hr/> 2,274,433
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Papers, Feb. 1830. No. 4, p. 27.	Increase of INDIAN DEBT this year..	2,438,822
	In addition to the former increase ..	29,700,546
		<hr/> 32,139,368

In 1820-21 the gross revenues amounted to ....	21,292,036	Papers, Feb. 1830, No. 2, p. 14.
The charges, including those of ceded and conquered countries, &c. . . .	17,520,612	Do. p. 15.
Net charge of Bencoolen, Prince of Wales' Island, &c. ....	122,338	Do. do.
Net charge of St. Helena . . . . .	97,705	Do. do.
Territorial charges paid in England..	1,300,164	Do. do.
	<hr/> 19,040,819	
SURPLUS revenue this year . . . . .	2,251,217	
Add the former surplus . . . . .	2,274,433	
State of the REVENUE at the end of 1820-21 —		
SURPLUS . . . . .	<hr/> 4,525,650	
INDIAN DEBT paid off this year ..	333,014	Papers, Feb. 1830, No. 4, p. 27.
To be deducted from the former in- crease . . . . .	32,139,368	
	<hr/> 31,806,354	
In 1821-22 the gross revenues amounted to ....	21,753,271	Papers, Feb. 1830, No. 2, p. 14.
The charges, including those of ceded and conquered countries, &c. . . .	17,555,668	Do. p. 15.
Net charge of Bencoolen, Prince of Wales' Island, &c. ....	110,111	Do. do.
Net charge of St. Helena . . . . .	97,705	Do. do.
Territorial charges paid in England..	1,377,884	Do. do.
	<hr/> 19,141,368	
SURPLUS revenue this year . . . . .	2,611,903	
Add the former surplus . . . . .	4,525,650	
State of the REVENUE at the end of 1821-22 —		
SURPLUS . . . . .	<hr/> 7,137,553	
INDIAN DEBT paid off this year . . . .	866,421	Papers, Feb. 1830, No. 4, p. 27.
To be deducted from the former in- crease . . . . .	31,806,354	
	<hr/> 30,939,933	

Papers, Feb. 1830, No. 2, p. 14.	In 1822-23 the gross revenues amounted to ....	23,120,934
Do. p. 15.	The charges, including those of ceded and conquered countries, &c. . .	18,083,482
Do. do.	Net charge of Bencoolen, Prince of Wales' Island, &c. ....	134,668
Do. do.	Net charge of St. Helena .....	120,093
Do. do.	Territorial charges paid in England	1,559,107
		<hr/> 19,897,350
	SURPLUS revenue this year .....	3,223,584
	Add the former surplus .....	7,137,553
		<hr/>
	State of the REVENUE at the end of 1822-3 —	
	SURPLUS .....	10,361,137

Papers, Feb. 1830, No. 4, p. 27.	INDIAN DEBT paid off this year....	1,751,997
	To be deducted from the former in- crease .....	30,939,933
		<hr/> 29,187,936

Papers, Feb. 1830, No. 2, p. 14.	In 1823-4, the gross revenues amounted to ....	£21,238,623
Do. p. 15.	The charges, including those of ceded and conquered countries, &c. ....	18,902,511
Do. do.	Net charge of Bencoolen, Prince of Wales's Island, &c. ....	145,008
Do. do.	Net charge of St. Helena.....	112,268
Do. do.	Territorial charges paid in England..	1,153,866
		<hr/> 20,313,653
	SURPLUS revenue this year .....	924,970
	Add the former surplus .....	10,361,137
		<hr/>
	State of the REVENUE at the end of 1823-4—	
	SURPLUS .....	11,286,107

Papers, Feb. 1830, No. 4, p. 27.	INDIAN DEBT paid off this year....	2,342,925
	To be deducted from the former in- crease .....	29,187,936
		<hr/> 26,845,011

In 1824-25, the gross revenues amounted to....	£20,705,152	Papers, Feb. 1830. No. 2, p. 14.
The charges, including those of ceded and conquered countries, &c.....	20,410,929	Do. p. 15.
Net charge of Bencoolen, Prince of Wales's Island, &c.....	169,828	Do. do.
Net charge of St. Helena.....	109,449	Do. do.
Territorial charges paid in England..	1,580,259	Do. do.
	<hr/> 22,570,465	
DEFICIENCY of revenue this year .....	1,565,313	
To be deducted from the former surplus .....	11,286,107	
	<hr/>	
State of the REVENUE at the end of 1824-5—		
SURPLUS .....	9,720,794	
	<hr/>	
Increase of INDIAN DEBT this year..	1,232,440	Papers, Feb. 1830, No. 4, p. 27.
In addition to the former increase....	23,845,011	
	<hr/> 28,077,451	
In 1825-26, the gross revenues amounted to....	£21,096,966	Papers, Feb. 1830. No. 2, p. 14.
The charges, including those of ceded and conquered countries, &c. ....	22,346,365	Do. p. 15.
Net charge of Singapore, Malacca, Prince of Wales's Island, &c.....	103,872	Do. do.
Net charge of St. Helena.....	110,413	Do. do.
Territorial charges paid in England..	1,817,232	Do. do.
	<hr/> 24,377,882	
DEFICIENCY of revenue this year .....	3,280,916	
To be deducted from the former surplus .....	9,720,794	
	<hr/>	
State of the REVENUE at the end of 1825-26—		
SURPLUS.....	6,439,878	
	<hr/>	
Increase of INDIAN DEBT this year..	6,132,766	Papers, Feb. 1830. No. 4, p. 27.
In addition to the former increase ..	28,077,451	
	<hr/> 34,210,217	



Papers, Feb. 1830, No. 2, p. 14.	In 1826-27, the gross revenues amounted to ....	£23,327,753
Do. p. 15.	The charges, including those of ceded and conquered countries, &c. ....	21,424,894
Do. do.	Net charge of Sincapore, Malacca, Prince of Wales's Island, &c. ....	93,473
Do. do.	Net charge of St. Helena .....	114,500
Do. do.	Territorial charges paid in England..	2,429,894
		<hr/> 24,062,761
	DEFICIENCY of revenue this year .....	735,008
	To be deducted from the former surplus .....	6,439,878
		<hr/>
	State of the REVENUE at the end of 1826-27—	
	SURPLUS .....	5,704,870
		<hr/>
Papers, Feb. 1830, No. 4, p. 27.	Increase of INDIAN DEBT this year ..	1,008,935
	In addition to the former increase....	34,210,217
		<hr/> 35,219,152
2 Rep. 1830, 4to.	In 1827-28, the gross revenues amounted to —	
p. 1148.	Bengal .....	£14,921,982
p. 1156.	Madras.....	5,338,637
p. 1166.	Bombay .....	2,542,328
		<hr/> 22,802,947
Ditto.	The charges, including those of ceded and conquered countries, were —	
p. 1148.	Bengal.....	11,774,627
p. 1156.	Madras.....	6,007,546
p. 1166.	Bombay .....	4,033,476
		<hr/> 21,815,649
Ditto.	Net charge of Prince of Wales's Island, &c. viz.—	
p. 1174.	Charges .....	209,855
do.	Revenues .....	45,079
		<hr/> 164,776
		<hr/> 21,980,425

Brought forward .....	21,980,425	
Net charge of St. Helena, viz. —		Ditto.
Civil charges ..	45,808	
Military do. ..	75,177	p. 1179.
Buildings, &c. .	1,989	Do.
	<u>122,974</u>	Do.
Revenues .....	3,398	
	<u>119,576</u>	
Territorial charges paid in England..	2,060,141	
	<u>24,160,142</u>	Papers, Feb. 1830, No. 2, p. 15.
DEFICIENCY of revenue this year .....	1,357,195	
To be deducted from the former surplus .....	<u>5,704,870</u>	
State of the REVENUE at the end of 1827-28 —		
SURPLUS .....	<u>4,347,675</u>	
Increase of INDIAN DEBT this year..	4,633,682	
In addition to the former increase ..	<u>35,219,152</u>	
Total increase of Indian debt to		
1827-28 inclusive .....	39,852,834	

In order to ascertain the result of the connexion between the Honourable Company's commerce and their territorial revenues, we have now only to compare the condition in which the latter would have been placed as above, delineated by the operation of its own resources unfettered by extraneous claims, with the state in which it is actually found at the end of 1827-28—we perceive that it has furnished sufficient funds to remove all its former incumbrances, to leave itself entirely free from debt, and to supply, a surplus to the treasury of . . . . . £4,347,675

Brought forward .....	£4,347,765	
Instead of being made responsible, as it now is, for debt. viz. — Amount of Indian debt, 1793 .....	7,971,668	
Additional since .....	39,852,834	
	<hr/>	47,824,562
		<hr/>
		£52,172,177

This therefore, to say nothing at present of the additional obligation to provide in future two millions of annual interest, is ascertained, to be a burthen inflicted upon TERRITORIAL REVENUE, directly or indirectly, by the demands of COMMERCE in its involved ramifications and expensive establishments. There is no doubt that, with access to the materials in possession of the Company, it would be possible to point out, with at least a credible verisimilitude, the distinction between that portion of this large amount required for distribution in commercial dividends and interest, and that which has been absorbed by commercial charges and direct commercial losses. The books of the Company, avowedly kept upon the system adopted by merchants in extensive business, and these alone, can supply the information. In the mean time, and in the absence of documents, the only alternative is to appeal to the Honourable Company to specify the particulars wherein the preceding statements are erroneous—the result cannot be disturbed in any other manner than by

falsifying the facts, or adducing such others as may counteract their effect ; and these are not to be found in any of the papers I have examined. When they are produced and verified, they will be received and allowed their due influence upon the account ; and the only remaining subject of surprise will be, that they were not brought forward at an earlier period.

In the above 52,172,177*l.* are not included two distinct loans received by the Honourable Company, which constitute an addition to the debt due by commerce to territorial revenue, viz.

Loan from the Bank of England in 1812, charged with the interest to territorial revenue.....	£2,500,000
Interest thereon.....	1,307,985
Loan from the Nabob of Oude, liquidated by a grant of territory.....	1,109,975
	<hr/>
	£4,917,960

There is in this amount much more than a sufficient set-off against any claim for loss sustained by the Company's commerce from being credited for stores when used in India, rather than at the time of shipment, and losses on the passage, as alluded to in their "Exposition," (*vide p.* 674.)

I have also to remark, that although the charges of Bencoolen, Prince of Wales's Island, &c., including St. Helena, to

1808-9 .....	£5,069,114
And of St. Helena, separately, from 1809-10....	1,887,462

Amounting together to ..... £6,956,576

appear in my accounts of territorial revenue and charges, it by no means follows, that they ought ultimately to be left as a debit against that account.—These establishments, as I understand **them**, served especially, if not exclusively, *commercial* purposes, and commerce should **finally** account to territory for the whole, or the greater portion of the amount with interest; we have here, therefore, a sum of 11,874,536*l.* with which commerce has not been debited, and which, if adequate materials were at hand, might properly be considered in connexion with the particulars enumerated in the Appendix, No. 51, to the Fourth Report, and with the inquiry, not undertaken by me, whether the Indian debt in 1793-4, was territorial or commercial.

It will be recollected that this sum of 52,172,177*l.* is not represented as the amount of loss upon the Company's general affairs, with which it is by no means necessarily connected, but simply as a debt due from commerce to territorial revenue. The PROFITS or LOSSES of the Company constitute a perfectly distinct ground of consideration, and would be most properly ascertained for any given time, by a comparison between the real state at the commencement, and at the termination of the period, if the papers furnished sufficient information to afford the hope of a successful in-

vestigation. There are materials in the appendix to the Company's "Exposition," No. 6, page 22, and No. 25 of the Papers printed Feb. 1830, which, however fallacious in themselves, serve to indicate in the most intelligible and conclusive manner the Company's own views upon the subject. In the former they have given a general statement of their affairs, admitting a "*deficiency*" thereon, 1st March, 1808, of 12,313,153*l*.

In the latter, we have the following particulars, constituting in like manner their view of the general state of their affairs on the 1st May, 1828.

" Total territorial and political debts abroad, 1st May, 1827 .....	£45,515,968
" Total territorial and political debts at home, 1st May, 1828 .....	9,457,484
" Commercial debts abroad, 1st May, 1827....	114,126
" Commercial debts at home, 1st May, 1826 ...	1,596,332
" Company's home bond debt .....	3,795,892
And it is remarkable, that the Company have in this document entirely <i>omitted to charge their concerns with the amount of their "CAPITAL."</i>	7,780,000
<hr/>	
Total debts and engagements, 1st May, 1828..	68,259,802
" Total territorial and political credits abroad, 1st May, 1827 .....	£26,934,663
" Total commercial credits abroad, do. 2,451,892	
" Commercial credits at home and afloat, 1st May, 1828 .....	20,990,435
<hr/>	
	50,376,990

Avowed *deficit*, (including "capital,") on the  
Company's general affairs, 1st May, 1828..£17,882,812

In this statement, the Company's dead stock in India is taken at 400,000*l.*, including buildings and fortifications, plate, household furniture, plantations, farms, sloops, vessels, stores, and other articles of dead stock : “ whereas the whole of the sums of money “ *expended in buildings and fortifications*, by “ the latest advices from the Company's several settlements, *for the acquisition and maintenance of their possessions*, and the nearest “ estimated value of other articles of dead “ stock is 15,169,426*l.*” The “ buildings and “ fortifications,” constituting by far the largest portion of this *expenditure*, however necessary “ for the acquisition and maintenance of “ their possessions,” will hardly be considered as available assets : there was *expended* upon these, from 1793-4 to 1827-8 at the three presidencies, 9,565,162*l.*, leaving 5,604,264*l.* of *expenditure* upon the other articles enumerated ; and the real question, which has not been discussed, will be, what portion of this *latter expenditure remains in good and disposable assets, beyond 400,000*l.* applicable to the creation of funds, to meet the above deficiency of 17,882,812*l.* ?* If there be not more than sufficient to make good any over estimate there may be in the “ value of goods in England unsold,” and “ value of the East India “ house and warehouses” taken together at

7,531,325*l.*, and included in the above “ com-  
 “ mercial credits at home, and afloat outward,”  
 the deficiency before stated upon the gene-  
 ral affairs of the Company on the 1st May,  
 1828, will remain unaffected by them. Now,  
 if we compare the actual deficit on the 1st May  
 1828, 17,882,812*l.* with that of the 1st March  
 1808, 12,313,153*l.* the difference 5,569,659*l.*  
 is of course the additional “ deterioration,”  
 or Loss, during the intervening period.

We have here, therefore, two or three very  
 important results, from which there is no pos-  
 sibility of escape, as they are in effect at-  
 tested by the authority of the Honourable  
 Company.

1st. That the general state of their affairs  
 in 1808 was so unprosperous, as to exhibit  
 a *deficit* of . . . . . £12,313,153

2dly. That from 1808 to 1828, so  
 far from having been effec-  
 tually relieved by the surplus  
 profits of commerce, there had  
 been a further deterioration  
 or Loss of . . . . . 5,569,659

Insomuch, that 3rdly, in May,  
 1828, there was a *deficiency of*  
*assets to meet their engagements*  
*and redeem their capital*, of no  
 less than . . . . . £17,882,812



It surely then behoves the Honourable Company to demonstrate, if possible, by a plain and perspicuous detail of verified facts, the fallacy of the statements exhibiting a large surplus of territorial revenue during the same period; for if these cannot be invalidated, the judgment that must inevitably be formed of the state in which their commerce would long since have been involved without the aid of that surplus, would lead to conclusions little favourable to the policy of its continuance.

For the convenience of reference, the whole subject of the territorial revenues and charges has been comprised in the accompanying Table (A); where it will be seen that in the period 1793-4 to 1827-8 inclusive —

The gross receipts of territorial revenue have	
been .....	£552,156,552
On account of the Chinsurah cause .....	54,601
Freight repaid by Government .....	289,076
And add, temporary loan .....	2,500,000
	<hr/>
	£555,000,229

The territorial disbursements, viz.	
charges, including those of ceded	
and conquered countries .....	£489,180,310
Net charges of Bencoolen, Prince of	
Wales' Island, &c. ....	5,069,114
Net charge of St. Helena, separately	
quoted from 1809-10 .....	1,887,462
Political and territorial charges paid	
in England .....	32,654,957

Brought forward .....	£555,000,229
Do.....	£528,791,843
Interest adequate to the debts.....	11,389,043
And add, repayment of temporary loan .....	2,500,000
Ditto. of the debt of 1793 .....	7,971,668
	<hr/> 550,652,554
Leaving a surplus, as before stated of .....	<hr/> £4,347,675

Considering the nature of the proposition maintained by the Honorable Company, that Indian loans have been required to make good deficiencies of territorial revenue, it was to be expected that amidst the multiplicity of papers laid before Parliament, some statement would have been presented, which, combining the amount of the loans with the amount of the gross territorial revenue to the *debit* of the account, should have exhibited, by an enumeration of particulars, including the whole interest on the whole Indian debt to its *credit*, an amount of territorial disbursements *equal to the aggregate amount of receipts from both sources*. This would have been a very simple and intelligible method of convincing the incredulous that the principal of the debt was really required for the assistance of the revenue ; and it cannot fail to excite observation, that no such document is to be found. There are separate statements of revenue and Indian

charges — of Indian debts — of interest — of territorial charges paid in England ; but no summary exhibiting the effect of the whole brought into one point of view ; which nevertheless, so far as this enquiry is concerned, would seem to be the principal object of all these separate statements. This desideratum I have endeavoured to supply ; and in the accompanying Table (B) will be found every particular necessary to the elucidation of the subject. In column 4 is placed the annual increase of the debt by additional loans, constituting with the gross revenues, as given in column 3, the aggregate amount of receipts ; while in column 11, is shewn the diminution of debt, by repayment of loans, which being added to the other charges, as enumerated in columns 6, 7, 8, 9 and 10, and the amount of the whole deducted from the aggregate receipts, there is presented in column 12, *an annual surplus of receipts.*

It has already been in substance remarked, and indeed is self-evident, that if the whole of the funds accruing from territorial revenue and loans professedly raised for the service of the revenue, have been really expended upon territorial objects, there cannot possibly remain any surplus upon an account which contains the whole of those territorial disbursements ;

but the Table (B) includes in the columns of charges *every item of territorial disbursement indicated by the Company, including all the interest upon the whole of the Indian debt as represented by themselves*—every particular, in short, adduced by the Honorable Company, in illustration and corroboration of their position, that the territorial charges and interest have been exclusively the occasion of the increase of Indian debt; and yet *the amount of all these added together, falls short of the aggregate amount of revenue and loans, in no less a sum than 11,208,417l.*

The Table (B) exhibits the following results :—

Gross revenue from 1793-4 to 1827-8 inclusive	£552,156,552
Received on the Chinsurah cause.....	54,601
Political freight received from government .....	289,076
Received from increased Indian debt .....	39,852,834
	<hr/>
	592,353,063
Charges, including those on subsidies ceded and conquered countries, &c. ....	489,180,310
Do. of Bencoolen, Prince of Wales' Island, &c. ....	5,069,114
Do. of St. Helena, 1809-10 to 1827-28	1,887,462
Political and territorial charges paid in England .....	32,654,957
Interest on Indian debt .....	52,352,803
	<hr/>
	581,144,646
Balance to be accounted for .....	11,208,417

Hence we perceive that after crediting the account with every item of disbursement denominated by the Honorable Company territorial, including many millions which it has been shewn can in no other than a legal technical sense be so considered, the whole is insufficient to account for the application of the funds received into the Honorable Company's treasury from territorial revenues and loans : there still remains a surplus of receipts amounting 11,208,417*l. altogether unaccounted for*. It would be absurd to suppose this sum remaining in the treasury, the Company omitting to bring it forward as an asset, in diminution of their deficit of 17,882,812*l.* ; yet there are but two alternatives ; either the Honorable Company have disbursed many millions of territorial charges, of which they have rendered no account ; or the amount has been applied in providing investments for China and England, and has long since been distributed in dividends amongst the proprietors.

There is a very clear distinction to be drawn between the amount of the *benefit to commerce*, and the extent of the *loss to revenue*, by these operations.—If we were to admit that upon the balance no more than 11,208,417*l.* has been received by commerce, it would by no

means follow, that no more has been extracted from revenue. It must be kept in mind, and a reference to column 12 of Table (B) will sufficiently illustrate the remark, that this is not the balance of a single year, of a late date: it has existed, varying in amount, during the last 34 years. So early as 1801-2, it had accumulated to 9,529,555/., and from that time, upon an average of the whole period, has been upwards of 12 millions sterling for 26 years, during which Indian interest has been paid and charged, not to commerce, but to territorial revenue. We find that the whole amount of interest paid on Indian debt, 1793-4 to 1827-28, is . £52,352,803

While it is apparent, from Table

(A), that the interest required upon debts properly territorial, amounts to no more than . . .	11,389,043
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The difference of . . .	40,963,760
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Together with the balance of re- ceipts on revenues and loans, before stated . . .	11,208,417
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Constitute the burthen which has overwhelmed the territorial finances, and absorbed the surplus produced by them, completing the amount given, in

p. 736. . . . .	52,172,177
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We shall find by a brief analysis of Mr. Melville's evidence, a remarkable exemplification of the process by which commerce, while it is subsisting by the aid of loans charged to territory, claims the credit of supporting, by its surplus assets thus accumulated, the territorial revenue.

Mr. Melville is the auditor of the Honourable Company's territorial accounts; and whoever has examined that gentleman's replies to the interrogatories of the Parliamentary Committees, will be convinced, that whatever could be effected by the combination of eminent talent, with distinguished zeal in the Company's service, would certainly be accomplished;—if the facts, by any effort of human ingenuity could have been moulded into a demonstration of the reality of commercial profits, and the existence of a debt due from revenue to commerce, the whole subject would have been presented in a clear and lucid statement that would have left nothing open to controversy; it is therefore no mean argument for scepticism, if we find assertion substituted for proof, where proof was peremptorily required for conviction.

In the second report of the Committee of the House of Commons, dated June 1830, pages 762 and 763, Nos. 5671 and 5673, Mr.

Melville's opinion is recorded, that from an early period, not stated, supposing the accounts had been separated "*upon the principles of separation now observed,*" there would have appeared a balance due from the territorial to the commercial branch in 1813-14 of 12,044,934*l.* and from 1814-15 to 1827-28 inclusive, a further balance of 19,384,774*l.*\* There can be no doubt of Mr. Melville's persuasion, that *upon the Company's construction of the scheme for separating the accounts,* such are the results; and it must not be forgotten that his declarations on this subject are usually, if not constantly, qualified by a reference to the "*principles of separation*" adopted by the Company in pursuance of a provision in the present charter. The first of these amounts being unaccompanied by any specification of receipts and disbursements whereon an examination might be founded, I can only oppose to it the most unqualified negation of my belief in its cor-

\* Does Mr. Melville really wish it to be understood *as a matter of fact*, that in 14 years, from 1814-15 to 1827-8, there have been advanced, in aid of territorial revenue, 19,384,774*l.* of surplus commercial profits, earned by the Company over and above the amount distributed during the same period at home in dividends and interest on bonds? And if not profits, but surplus commercial capital, how was it obtained?



rectness *as a fact*, referring to the preceding statements in defence of my incredulity ; but with respect to the second, we are informed that it is deduced from a comparison of the territorial receipts from 1814-15 to 1827-28 amounting to 284,804,085*l.*, with the territorial disbursements for the same period amounting to 304,188,859*l.* : and these particulars afford an opening for investigation, of which I shall beg leave to avail myself.

By casting up the appropriate columns in the Table (B) *p.* 744, from 1814-15 to 1827-28 inclusive, we obtain the following account :--

Column 3. Gross revenues .....	284,616,976
Do 6. Charges including those of ceded and conquered coun- tries .....	252,898,414
Do 7. Net charge of Bencoolen, Prince of Wales' Island, &c....	1,770,708
Do 8. Net charge of St. Helena	1,462,321
Do 9. Territorial and political charges paid in England .....	20,893,206
To which must be added the several " adjustments " now first present- ed (including a sum of 1,300,000 <i>l.</i> which has certainly no right to be there) and amounting as extracted from the second report June, 1830, pages 764 to 766 to	2,921,957
	<hr/> 279,946,606
Surplus of revenue <i>exclusive of Interest</i> .....	4,670,370

Brought forward .....	£4,670,370
Column 10. Interest on Indian debt.....	*24,051,716
Surplus of disbursements <i>including Interest</i> ....	19,381,346

The account is here introduced to shew that this is the identical amount treated of by Mr. Melville as 19,384,774*l.* (the trifling discrepancy being disregarded) and consequently disclosing the materials from whence he collected his result. Now it is obvious that he can in no other manner arrive at it, than by charging the whole interest on Indian debt for the period, amounting as we see, to 24,051,716*l.* to territorial revenue. Bearing in mind, then, that we are now speaking distinctly of the account from 1814-15 to 1827-28, and without admitting any thing on the subject of debt or interest at an earlier date, we must still enquire what has happened *within this period* calculated to increase or diminish either of those items, or to affect the territorial revenue, fairly or unfairly, by its introduction as a charge against that account; and we find by reference to columns 4 and 11 of Table (B),

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\* Subject only to the payment of three years interest, 1814-15 to 1816-17 inclusive, on the debt of 1793, amounting, as shewn in Table (A), to 1,280,451*l.*

that from 1814-15 to 1827-28 inclusive, the INDIAN DEBT *was increased in no less an amount than 16,654,169l. (bearing an interest for those years moderately estimated at four millions more, included in the 24,051,716l., before mentioned.)*

The next step in the enquiry is, who had the benefit of the principal of this debt?—certainly not territorial revenue, since it forms no part of the receipts from whence revenue was fully able to meet all its own engagements and leave a surplus of 4,670,370l. Why then is territorial revenue to be charged with 24,051,716l. of interest?—and further what account is to be debited with 16,654,169l. of additional loans cast into the common treasury, from whence *territorial revenue has abstracted nothing, but that with which it has already been charged; a sum not equal to the amount contributed to the same fund from its own proper resources.* But COMMERCE takes credit for an *advance* to territory, to enable the latter as it is alleged to disburse this enormous amount of interest; surely then we might have expected to find that commerce has been debited with the interest as well as the principal of the LOANS, from whence it must be admitted this advance was derived; but here again we are

astonished to learn that the whole has been debited, not to COMMERCE, but to TERRITORIAL REVENUE. First, the revenue is charged with interest upon a debt which it had manifestly no occasion to contract ; then with the principal of that debt ; and to complete the process, is finally made a debtor to commerce, or to the fund which commerce has exhausted, for the deficiency thus occasioned in its resources. I say the fund which commerce has exhausted, because, while that fund has been common only to “ territory,” and “ commerce,” we find by an exact account of its connection with the former, that it has not thereby been impoverished, but rather improved. What, then, is the infallible inference, but that if we could obtain a similar account of its transactions with the latter, divested of all mystery and separated from every thing extraneous, we should be able to exhibit in a specification of particulars, the degree in which it has been exhausted by the demands of COMMERCE.

Contemplating this development of the subserviency of territory to commerce, we are no longer surprised to find, in pages 795 and 796 of the 2d Report, June, 1830, the territorial receipts represented as deficient, and

and the commercial receipts redundant, upwards of thirty-seven millions ; we have only to transfer twenty-four millions of interest, and sixteen millions of new debt to the proper head of account, and the surplus will be, as it ought to be, on the side of territorial revenue for the period under consideration.

In page 798 of the same Report, we find a portion of Mr. Melville's evidence, which has a most important bearing upon this part of the subject.

*5832 Question by the Committee.*—“ Considering the difficulties that were experienced  
“ by the Committee of 1810, with reference  
“ only to the period between 1793 and 1813,  
“ is there not an insuperable difficulty in the  
“ attempt to carry back the separation between the territorial and commercial accounts to a period antecedent to 1765, so as  
“ to shew that the commercial capital of the  
“ Company rests on a solid basis, and that  
“ the debt of India had its origin in territorial causes ?”

*Answer by Mr. Melville.*—“ I apprehend  
“ there must be great difficulty in arriving at  
“ an accurate result ; *but this difficulty is much*  
“ *less than it was when that Committee sat, because*  
“ *a plan of separation has since been pre-*

“ *scribed, and the principles of it declared ; so*  
“ *that all we have had to do in attempting to*  
“ *arrive at an approximative result, has been to*  
“ *apply those principles which were not known*  
“ *in 1810, to the accounts of years antecedent*  
“ *to 1814.*”

*Quest.* “ Those principles to which you  
“ allude, were fixed by the Board of Control ?”

*Ans.* “ Under the authority of Parliament.”

5834 *Quest.* “ *Then the actual expence appli-*  
“ *cable to the territory and to commerce must*  
“ *consequently depend on the correctness of the*  
“ *principles so fixed at that period ?*”

*Ans.* “ NO DOUBT.—The plan of separation  
“ has been before Parliament since 1816 ; and  
“ accounts have annually been presented  
“ *framed accordingly.*”

If we duly consider this part of the evidence, we shall perceive, that with reference to the account between the two branches of the Company's affairs, the FACTS may really be of *secondary importance* ; the “ *principles of separation*” may be paramount to every thing besides. What signifies to commerce the extent of its obligations, if by a prescribed arrangement it be permitted to transfer them to territory ? or where is the necessity for commercial profits, if supplies can be had as the produce of loans, which are not to

be debited to commerce? That such had been the practice prior to 1814, may be inferred with certainty from the instructions of the Court of Directors to the Governor-general, accompanying the Act of 53 Geo. 3.;—in the 24th paragraph, we find this remarkable observation :

“ The difficulty of the process in the separation of the accounts at the winding up of the expiring period, may in some degree be increased by our orders of the 9th April, 1813, for the investment to be provided in the year 1814, *which exceed the amount in the contemplation of the Act since passed.*”

And in the following paragraph, the Court adverts to the “ description of funds which will be *hereafter* immediately applicable in India to the purposes of commerce,” viz. the repayment in India of advances in England for territorial account, the produce of the sale of exports from England, and any other funds strictly of a commercial nature. These, in the contemplation of the Act, are the only legitimate commercial funds; but the Honourable Court admits that *the orders for the investment of 1814 had exceeded the amount of the whole.* Those orders were transmitted in the ordinary course; they manifestly refer to an established practice. It is described as

a cause of embarrassment, that “hereafter” the excess “must be debited *in India to the “commercial branch ;”* and no additional evidence can reasonably be required to prove, that at least before the passing of the Act of 1813, it had not been usual to charge to the commercial branch the excess occasioned by extra investments in India and China for England. We are thus incidentally presented by the Honourable Court with the explanation of this otherwise unaccountable accumulation of Indian debt, and consequent annual increase of interest. Year after year, the orders for investment had constantly exceeded in a large amount the commercial funds placed in India, from which alone they ought to have been provided ; and the excess could only be supplied by surplus revenue and new loans. The Indian debt is therefore a COMMERCIAL DEBT ; yet without the slightest reference to its nature or amount, (then already exceeding 22 millions, sterling), the act empowers the Company to charge the “interest accruing on the “debts owing, or which may be hereafter incurred” in India to territorial revenue. Even if the Company had thenceforward limited their investments for England to the amount of their commercial funds, still, with this unqualified licence in the Act itself to transfer



annually to territory between one and two millions of *interest*, properly appertaining to commerce, all other arrangements for separating the accounts are mere pretences. The single circumstance, that under colour of the Act 53 Geo. 3. sect. 55, the whole interest on Indian debt is annually charged to territorial revenues, without regard to the application of the principal, and without limitation as to the augmentation of the debt, is of itself sufficient to render the alleged "separation" perfectly delusive, because inconsistent with established fact;—it sanctions a visionary and fallacious representation of the Honourable Company's territorial, but more especially of their commercial affairs; and tends to ruin by the concealment of their actual condition.

My attention has been directed to a publication bearing the title of "A Review of the Financial Situation of the East India Company, in 1824," printed for Kingsbury, Parbury and Allen, in 1825. There are circumstances which confer upon the work a kind of demi-official character. The author, who was employed in the high official capacity of commissioner for the settlement of the ceded and conquered countries, and has since become a member of the Honourable Court of Directors, displays

throughout the work an intimate and extensive knowledge of the Company's concerns *in India* ; but having submitted his performance to public animadversion, it will not be considered disrespectful to him, if I presume to comment on some of his statements, and even to erect upon them a superstructure of a very different character from that of which they were intended to be the foundation. A principal object of the book is to controvert a conclusion of the well-known political economist, M. Say, in an essay of his, published in "*La Revue Encyclopedique*," and couched in the following terms, "on est donc fondé  
 " a regarder la compagnie Anglaise des In-  
 " des comme une association, tout a la fois  
 " commercante et souveraine, qui, ne gag-  
 " nant rien ni dans sa souveraineté, ni dans  
 " son commerce, est réduite à emprunter  
 " chaque année de quoi distribuer à ses ac-  
 " tionnaires un semblant de profit."

This sweeping allegation, the author proposes to meet, by a "digest of the Company's accounts, for the purpose of removing misconception upon matters of fact, and of exhibiting a clear and connected view of the present condition of their finances."

In this digest, there are several statements which appear to me so strongly confirmatory of

the views disclosed in the preceding pages, of the extent of the territorial revenue of India, and the application of the surplus arising from it, that I am exceedingly desirous of fortifying myself by an authority of such competence, while impugning the dicta of other high authorities, by denying the necessity of a large territorial debt in India, for the purpose of supplying deficiencies in that revenue.

In pages 13 and 14, we have an account in rupees of the surplus and deficiency of Indian revenue, from 1792-3 to 1821-22, corresponding in substance with the quotations already given in sterling, upon which the author remarks in page 15 :—

“ If the revenues of India were not liable to  
 “ any deductions, the foregoing statement  
 “ would furnish a most satisfactory picture  
 “ of the financial resources of British India,  
 “ since, notwithstanding the many expensive  
 “ wars in which we have been engaged, we  
 “ should appear to have realized, within the  
 “ thirty years, a considerable surplus beyond  
 “ the local expenditure (including the interest  
 “ of the public debt) after deducting the defi-  
 “ cit, which occurred in particular years of the  
 “ term. But the surplus revenue realized in  
 “ India, cannot all be considered as clear and  
 “ independent income subject to no further

“ deduction, for there is a large disbursement  
 “ in this country on account of our Eastern  
 “ possessions which is not included in the  
 “ Indian accounts, but which properly consti-  
 “ tutes a charge upon the local revenue.  
 “ This disbursement was heretofore incon-  
 “ siderable, but from the augmentation of our  
 “ army, and other causes, it has gradually  
 “ increased, and it now amounts to a large  
 “ sum annually. No useful purpose would  
 “ be answered by exhibiting the particulars of  
 “ the home charge for a series of years, nor  
 “ indeed are there materials for a retrospect  
 “ beyond the year 1813, when the political  
 “ and commercial charges, were, for the first  
 “ time, separated and particularly distinguish-  
 “ ed ; and I shall therefore confine myself in  
 “ this place to a statement of the disburse-  
 “ ments in the two last years, which will suffi-  
 “ ciently shew their nature and extent.”

“ Statement of Territorial, or Political Charges,  
 “ incurred in England on account of India.

1821.

“ Military and marine stores, sup- “ plied from England . . . . .	£306,489
“ Payments on account of fur- “ lough, and allowances to re- “ tired officers . . . . .	257,808
“ Passage money to officers and “ troops . . . . .	69,447

Brought forward . . .	£633,744
“ Political freight, &c. . . .	142,944
“ Interest and charges on account	
“ of the Carnatic debt . . .	85,123
“ Disbursements on account of St.	
“ Helena . . . . .	150,962
“ Ditto on account of Bencoolen .	479
“ Ditto on account of Prince of	
“ Wales’s Island . . . . .	2,426
“ Political charges, general (estab-	
“ lishments at the India House,	
“ &c.) . . . . .	371,070
“ Total .	<u>1,386,748</u>

1822-3. “ Military and marine stores .	348,426
“ Furlough and retired officers .	261,071
“ Passage money . . . . .	102,092
“ Political freight . . . . .	106,452
“ Carnatic debt . . . . .	96,013
“ St. Helena . . . . .	117,498
“ Bencoolen and Prince of Wales’s	
“ Island . . . . .	11,110
“ Political charges general . .	391,665
“ Total .	<u>1,434,327</u>

This extract is produced to shew that the political and territorial charges paid in England as annually brought in a single line into my accounts of the revenue and charges, do

in the judgment of the author, constitute the whole of the additional charge to which the revenue is liable ;—and I ask no other concession to establish the validity of my deductions respecting the real amount of the surplus—nor do I find myself less effectually supported by the following observations on the subject of its application.

“ M. Say has perhaps considered that a p. 19.  
 “ corroboration of his assumption of a deficit  
 “ will be found in the rapid increase of the  
 “ public debt of India ; but it is very possible  
 “ for the *local* debt to increase even during the  
 “ existence of a territorial *surplus*, since that  
 “ surplus may be transferred to England or to  
 “ China for the purpose of discharging debt  
 “ or for other services, or it may become an  
 “ addition to the local assets (the cash balances, &c.) which constitute a fund applicable to the liquidation of debt.

“ The government treasury was also I am p. 33.  
 “ aware, reduced to a low ebb at the period in  
 “ question, but this proceeded entirely from  
 “ our overstrained\* efforts to effect large remit-

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\* “ Excess of supply to London,

	1811-12, S.Rs. 3,46,49,832 at 2s.6d.	£4,331,229
“ Do.	1812-13, .. 2,71,49,075, ....	3,393,634
“ Estimated do.	1813-14 .. 1,80,00,000 ....	2,000,000
	S.Rs. 7,97,98,907 ,	£9,724,868

“ tances to England. The living spring was “ drained for the moment ; but it was not “ destroyed.”

I might proceed to make other quotations, as at page 39, where the revenue is described as having in 19 years out of 30 realized a surplus ; and pages 41 and 42 where the surplus is estimated in a season of peace at two millions annually, subject to a reduction of one and a half million for territorial and political charges paid in England ; leaving a net territorial income to the East India Company from British India, of half a million sterling ; but it is most important to remark that the surplus spoken of, is the balance after charging the account of revenue with all the interest on the whole Indian debt, without inquiring how this accumulation of debt could have been necessary, in support of a revenue yielding a large surplus upon the whole term. I am quite aware that the true reason has been assigned in the “ overstrained efforts to effect large remittances to England.” But was it the object of these remittances to cover deficiencies of territorial revenue, when it is confessed that Indian revenue was fully adequate to bear its own burthens and yield a surplus ? Remittances of territorial revenue to England, we are perfectly sensible there ought to be, to

meet the territorial and political expences paid there ; but if, upon these being added to all other charges against territorial revenue, there still remains a surplus of receipts, as admitted and indeed strongly insisted on by the author ; could any necessity possibly arise from this cause or from any cause proper to territorial revenue, to contract a debt in India ? Why then were these remittances to England of such an amount as to give occasion to this enormous debt, if not to support the Company's declining COMMERCE ?—And here we arrive at a question which has never been satisfactorily disposed of either in the parliamentary papers or the publication before us ; viz. to what *account* has this excess of remittance to England been carried ? Has it been debited with the interest to commerce, before the calculation of commercial profits was made ? Certainly not—it has been debited to territorial revenue. This exhibition of commercial profits then must needs be utterly fallacious, inasmuch as it is founded upon an account in which one of the principal ingredients properly belonging to it, is entirely omitted. No doubt the effect of so important an omission must be visible whenever we proceed to take a *general account* of the whole concerns of the Company, territorial and commercial ; and



accordingly it is found that however prosperous these may be respectively represented when considered apart, yet no sooner are they united in one combined statement, than the truth is elicited, and the company are compelled to admit a growing "deterioration." This paradox must therefore be maintained, that the addition of two distinct PROFITS results in a LOSS; or the simple fact must be confessed that the *loss by commerce is greater than the gain by territorial revenue.*

*Nine and a half millions*, says the author, were remitted from India to England in three years, from 1811-12 to 1813-14; but these were certainly not required to pay *four and a half millions* of territorial charges incurred during the same period. It may be replied, that the remaining five millions were returns for consignments from England; but if so, the sales of the goods should have provided the returns, and if the amount produced by those sales and paid into the Indian treasury, was equal to the sum abstracted for remittances to England, there could be no necessity on that account for an increase of Indian debt. But let us admit for argument's sake, and only for that purpose, that the *invoice amount* of the shipments from England, adding as usual 10 per cent. for anticipated pro-

fit, was with the territorial payments there, equal to the extra remittances from India; the defalcation or necessity for Indian loans, being occasioned solely by unfavourable sales: still this is a *commercial* loss, the effects of which ought not to be visited as they constantly are on territorial revenue.

Having in the first chapter made good his position of a surplus Indian revenue, and in the second and third chapters, presented us with an interesting description of the sources from whence it is derived, and the mode of its collection; the author proceeds, in the fourth and concluding chapter, to announce his conviction, that as the territory of the Company in India is eminently productive, so likewise their commercial transactions are abundantly profitable. The subject is introduced in the following terms, (page 180.)—

“ After the review which has been taken of  
 “ the resources of the East India Company  
 “ abroad, I propose to *combine the territorial*  
 “ *with the commercial accounts*, in order to ob-  
 “ tain, as far as may be practicable, materials  
 “ for forming a correct judgment with respect  
 “ to the financial situation of the Com-  
 “ pany *generally*. It is not easy to form an  
 “ accurate estimate of the commercial con-  
 “ cerns of the Company, because they are not

“ required to submit to Parliament an account  
 “ of their profits or loss, and there is no di-  
 “ rect evidence from which we can deduce the  
 “ exact result of their commercial transac-  
 “ tions. The Court of Directors have, how-  
 “ ever, in their financial correspondence, late-  
 “ ly published, acknowledged on various oc-  
 “ casions the existenee of a commercial profit ;  
 “ and in a note subjoined to the last statement  
 “ of their commercial stock, it is expressly  
 “ declared, that ‘ the sum of 4,754,900*l.* ster-  
 “ ling has been advanced or set apart from  
 “ the surplus commercial profits in England  
 “ towards the liquidation of Indian territorial  
 “ debt.’

• “ It is true, that the Company do not esti-  
 “ mate their gains or loss with that degree of  
 “ precision, which a private merchant would  
 “ consider necessary. They are their own  
 “ insurers ; and as the casualties at sea occur  
 “ very irregularly, the charge under this head  
 “ is never determinate, or equally distributed.  
 “ Nor is interest charged on the exact amount  
 “ of the capital employed in the trade, in-  
 “ cluding the cost of factories, warehouses,  
 “ and other buildings. Moreover, until the  
 “ late separation of the commercial and poli-  
 “ tical accounts, the customs in India, the  
 “ salaries of the Boards of Trade, and other

“ commercial establishments were not charged  
 “ on the investment ; and there are still, I  
 “ have reason to believe, various outlays inci-  
 “ dental to the trade, which do not constitute  
 “ a regular commercial charge ; for example,  
 “ the advances made to the manufacturers  
 “ are sometimes irrecoverable ; and although  
 “ the amount after a time is perhaps trans-  
 “ ferred to the account of ‘ dead stock,’ as a  
 “ desperate balance, the loss never appears  
 “ as a direct charge upon the trade. In par-  
 “ ticular seasons, the loss occasioned by bad  
 “ balances is very considerable, and this hap-  
 “ pens more especially in the instance of the  
 “ silk investment ; for as the rearing of the  
 “ silkworm is liable to be affected by different  
 “ natural causes, a failure not unfrequently  
 “ takes place ; and whenever this occurs, the  
 “ Company are the principal sufferers.

“ Without however enlarging on these and  
 “ other circumstances, which make it impos-  
 “ sible for me to ascertain with perfect pre-  
 “ cision the extent of the Company’s com-  
 “ mercial losses or gains, I shall proceed to  
 “ examine those documents which may enable  
 “ us to arrive by an approximation at the pe-  
 “ cuniary results of their trade.

“ It is evident, that if we can obtain satis-  
 “ factory evidence of the Company’s situa-

" tion at two given periods, at some distance  
 " from each other, a comparison between  
 " them will furnish a strong presumption with  
 " respect to the intervening events. If we  
 " can show that the Company are richer at  
 " the present period than they were nine or  
 " ten years ago, the inference necessarily is  
 " that they have realized a profit in the in-  
 " termediate term. If they have become  
 " poorer, they must of course have sustained  
 " a loss."

To the proposed method of proceeding by  
 a comparison of the Company's situation at  
 two given periods, no possible exception can  
 be taken ; but as the object is to enable us to  
 form a " correct judgment with respect to the  
 " financial situation of the Company *generally*,"  
 the comparison, to be just and conclusive,  
 must be between their *general condition* at the  
 former and the latter date ; and the more es-  
 pecially as we are expressly apprized of the  
 difficulty of arriving at " an accurate estimate  
 " of the *commercial* concerns of the Company,  
 " separately." Now in the very document re-  
 ferred to, viz. the " annual revenue accounts,  
 " printed March, 1816." No. 23, page 68, the  
 Company have given us a view of their actual  
 condition at the first of the periods selected.  
 They have explicitly admitted a " deficiency"

upon the whole of their affairs, territorial and commercial, in 1814-15, (exclusive of the capital of 7,780,000*l.*) of 2,611,311*l.* and this, to be consistent with the professed intention “*to combine the territorial with the commercial accounts,*” should certainly have been the amount taken as the groundwork of his comparison with a result similarly obtained at a later period. But the writer apparently considering that he had already disposed of territorial revenue, and had now only to deal with the commercial branch, proceeds to assume upon the authority of the Company, that there was in 1814-15 a net balance of what they are accustomed to denominate *commercial* assets, *distinct from the rest of their concerns*, amounting to 15,815,594*l.* Upon the same authority it is found that there was a net balance of *commercial* assets in 1822-23 amounting to 19,446,189*l.*, and the increment of 3,630,595*l.*, is treated as *commercial profit* realized during the interval. But this result, like all the similar statements presented by the Honourable Company to Parliament, proves nothing at all with respect to PROFIT OR LOSS, until by a *general account* it is ascertained whether some other branch of the Company’s concerns has not sustained a decrease in proportion to this increase. ,

Let us suppose that during this period there had been *an additional sum of two millions* applied in India to the purchase of investments for China and England, the payments and shipments at home continuing the same. We know what would have happened; these investments immediately on their arrival in London become “commercial assets.” In the mean time the Indian treasury has been impoverished by this abstraction of its funds, but is readily replenished by a new loan to be charged with the accompanying interest to territorial revenue. Yet these additional two millions would infallibly have found their way into the commercial account consulted by the author, and would have presented instead of 3,630,595*l.*, a surplus of “commercial assets” amounting to 5,630,595*l.*, which, by the same reasoning, would have been *commercial profits realized in the interval*. But would the profits or the prosperity of the Company have been augmented two millions by this operation? The answer is so obvious as to render further illustration gratuitous.

In the sequel we have several additional postulates of a very encouraging description; such as the following, “That a profit is drawn “from the Company’s trade after providing “for the dividends to the proprietors, and the

“ interest of the bond debt, and after defray-  
 “ ing all the expences of their establishment  
 “ abroad and at home to the estimated amount  
 “ of 450,000*l.* per annum.”

“ That the net income of the Company,  
 “ territorial and commercial, during a period of  
 “ peace, may accordingly be assumed at  
 “ about one million sterling per annum, which  
 “ is applicable to the gradual liquidation of  
 “ debt, or to the augmentation of their com-  
 “ mercial capital.”

“ That since the commencement of the pre-  
 “ sent charter an improvement has taken place  
 “ in the financial situation of the Company,  
 “ *territorial and commercial, abroad and at home,*  
 “ to the extent of near three millions sterling,  
 “ notwithstanding our having been engaged  
 “ intermediately in several expensive wars.”

All very agreeable speculations, but not corollaries fairly deduced from premises previously established; and unhappily these pleasing retrospections and anticipations were destined speedily to sustain a somewhat embarrassing interruption. They were penned in 1825, and the Company subsequently deliver a *general statement* of their affairs to 1827-28, from which, by the most extraordinary omission that ever was heard of in a merchant's balance sheet, the CAPITAL is excluded; but



which upon an “adjustment” discloses in lieu of profit a “deterioration” of several millions. I may therefore be permitted to adopt the conclusion suggested by the author, that “if they have become poorer they must “of course have sustained a Loss.”

I have not seen any *general statement* of the affairs of the Company in *India and England* of a later date than 1828, but there have been printed *separate* accounts of the territorial revenue for 1828-29 and 1829-30, and calculations of profit and loss in England and between India and China for those years; the former are indeed presented as estimates, but being undoubtedly founded upon the Honourable Company’s advices, will probably not be found greatly inaccurate: they are as follow—

Papers,  
Feb. 1830,  
No. 2, x.  
p. 26\*.

In 1828-9 the gross revenues were—

Bengal .....	£15,068,400	
Fort St. George ....	5,531,016	
Bombay .....	2,689,288	
	—————	£23,288,704

The charges, viz.—

Bengal.....	10,724,622	
Fort St. George ....	5,271,411	
Bombay .....	3,739,971	
	—————	19,736,004

Brought forward, revenues .....	£23,288,704	
Ditto, charges ..	£19,736,004	
Net charge of Prince of Wales's Island, Sincapore, and Malacca, viz. charges.....	170,086	Papers, Feb. 1830, No. 2, p. 26.
Revenue .....	61,613	
	<hr/>	
	108,473	
Net charge of St. Helena .....	112,803	Ditto.
" Political charges paid in England, " including invoice amount of ter- ritorial stores consigned to India"	1,967,405	Ditto.
Interest on debts .....	£2,008,205	
	<hr/>	
	21,924,685	Ditto.
SURPLUS revenue this year, exclusive of interest on debts .....	£1,364,019	

In 1829-30 " Total estimated revenue of India," including the revenues of Penang, Sincapore, and Malacca .....	£22,054,416	Papers and Accounts, 1830, No. 22 p. 2.
Charges including those of Penang, Sincapore, and Malacca .....	18,888,702	Ditto.
Expence of St. Helena .....	93,004	Ditto.
" Political charges incurred in En- " gland, including invoice amount " of stores consigned to India" ..	1,742,162	Ditto.
Interest on debts .....	£2,139,117	
	<hr/>	
	20,723,868	Ditto.

SURPLUS revenue this year, exclusive of interest  
on debts ..... £1,330,548

The Honourable Company's Statement of Profit and Loss  
in 1828-29 and 1829-30, is as follows :

App. to 2 Rep. 1830 p. 1128.	1828-29.		Profit.	Loss.
	Upon imports from India in 1828-9	....		507,627
Ditto.	Upon exports to India 1827-8	....		18,835
Do. p. 1130.	Upon imports from China 1828-9	....	763,434	
Do. p. 1132.	Between India and China 1827-8	....		70,470
Do.	On teas sent to Canada 1828-9	....	8,887	
Do.	On teas sent to Halifax 1828-9	....	6,083	
	Balance of profit 1828-9	....		181,472
			<u>£778,404</u>	<u>778,404</u>

Accounts & Papers 1830 No. 20, p. 2.	1829-30.		Profit.	Loss.
	Upon imports from India in 1829-30	....		519,541
Do.	Upon exports to India 1828-9	....		66,399
Do.	Upon imports from China 1829-30	....	650,377	
Do.	Between India and China 1828-9	....		68,605
Do.	On teas sent to Canada 1829-30	....	14,270	
Do.	On teas sent to Halifax 1829-30	....	5,785	
	Balance of profit 1829-30	....		15,887
			<u>£670,432</u>	<u>670,432</u>

From these supplementary documents may be deduced the following sketch of the result of the Honourable Company's transactions in England and India, for the two years ending April 1830 ; but without admitting for any other than the present purpose, the reality of

a profit on the imports from China to the amount stated.

IN ENGLAND.		Profit.	Loss.
1828-9.	On exports and imports—Bal.	181,472	
1829-30.	On ditto . . . . . ditto	15,887	
1828-9.	Dividends on stock	630,000	
	Interest on bonds..	158,000	
		<hr/>	788,000
1829-30.	Ditto....do....do. ....		788,000
IN INDIA.			
1828-9.	Surplus of revenue, exclusive of interest . . . . .	1,364,019	
	Interest on Indian debt ....		2,008,205
1829-30.	Surplus of revenue, exclu- sive of interest . . . . .	1,330,548	
	Interest on Indian debt....		2,139,117
Balance—Loss . . . . .		2,831,396	
		<hr/>	<hr/>
		£5,723,322	5,723,322

We perceive, then, that in these two years the Honourable Company's affairs, commercial and territorial, have further deteriorated in no less a sum than 2,831,396*l.*, and as it is only what is of the nature of profit or loss, which can operate to the improvement or declension of their condition, it necessarily follows, that any general statement of their concerns in India and England, ending 30th of April 1830, to be consistent with the facts above specified, must exhibit a DEFICIT OF UPWARDS OF TWENTY MILLIONS STERLING, VIZ.

Deficiency, 30th of April 1828 .	£17,882,812
Loss in the two years, ending 30th of April 1830 . . . . .	2,831,396
	<hr/> £20,714,208

This may not be considered a very flattering representation of the Honourable Company's affairs, but it is that presented by the papers laid before Parliament; and the result of the last two years, 1829 and 1830, may be thus briefly recapitulated.

IN INDIA, the Company have had in those <i>two years</i> , a surplus re- venue of . . . . .	£2,694,567
Charged with the payment of In- terest on Indian debt . . . . .	4,147,322
Deficiency in INDIA . . . . .	£1,452,755

IN ENGLAND, the Company's com- mercial profits for the <i>same two</i> <i>years</i> , are stated at . . . . .	197,359
Which are charged with the pay- ment of dividends and interest . . . . .	1,576,000
Deficiency in ENGLAND . . . . .	£1,378,641

**ROBT. WILKINSON,**  
3, Copthall Buildings.  
London, 30th June 1831.

On the preceding Report it would be superfluous to offer a single comment ; it stands on its own merits. Its results are deduced from official accounts professing to contain  
 “ EVERY CHARGE INCURRED IN THE GOVERN-  
 “ MENT AND DEFENCE OF THE TERRITORIAL  
 “ POSSESSIONS IN INDIA.” \* The remarks of the Select Committee of the House of Commons are so full and pertinent on this head, that they are here subjoined, as being of use to compare as well with my general Table in *page 662*, as with Mr. Wilkinson’s Tables A. and B. in *pages 742 and 744*, and the whole tenor of his able Report.

“ Referring to the total of the military  
 “ charges in the statement marked No. 6, (one of the documents from which both Mr. Wilkinson’s Tables and mine have been constructed,) it will appear that they progressively increased in amount, first, from the  
 “ year 1795-6 to the year 1801-2 inclusive,  
 “ which was almost entirely a period of active  
 “ warfare. *Ceylon, Malacca, and the Eastern  
 “ Islands were conquered*, which with the main-

\* Second Report of Select Committee, 1810. p. 14.

“ tenance of Ceylon to December 1801, and  
 “ of the other conquests till the year 1801-2,  
 “ added considerably to the expence in each  
 “ year. After that period the military charge  
 “ in this instance is included under the head  
 “ of Dutch settlements. *An expedition was*  
 “ *prepared on a large scale to proceed against*  
 “ *Manilla*, though ultimately abandoned, it  
 “ occasioned a considerable addition to the  
 “ expenses of 1797-8. *The expedition to Egypt*  
 “ *fell upon the charges from the year 1798-9 to*  
 “ 1801-2; and in a small degree on 1802-3.  
 “ Upon the Peninsula, the *French and Dutch*  
 “ *settlements were captured* immediately after  
 “ the commencement of the war with those  
 “ powers; but the most material addition to  
 “ the military expenses upon the continent of  
 “ India, between the years 1796-7 and 1802-3,  
 “ was occasioned by the *concert which existed*  
 “ *between the French, Zemaun Shah, and Tipp-*  
 “ *poo Sultaun*, from whence arose the appre-  
 “ hension of invasion by Zemaun Shah on the  
 “ north-west frontier of Bengal, *and the war*  
 “ *with Tippoo Sultaun* which ended in 1799.  
 “ The necessary consequence of these circum-  
 “ stances was an increase of the armies of  
 “ Bengal and Madras, and *an enhancement of*  
 “ *the military charges of all the Presidencies by*

“ *the addition of field allowances and expenses.*  
 “ In the year 1802-3, the charges are shewn  
 “ to have decreased in a considerable amount,  
 “ (near a million). The war with the Euro-  
 “ pean enemies having ended in 1801, and  
 “ peace existing with the Native Powers of  
 “ India, expectations were entertained that  
 “ the expenditure of the year would have been  
 “ reduced to a peace establishment ; in which  
 “ case a decrease of charge would have been  
 “ exhibited in a much larger amount ; but the  
 “ charge of that year included part of the ex-  
 “ penses of the expedition to Egypt; and for  
 “ the field charges of the Madras army from  
 “ November 1802, previously to the breaking  
 “ out of the war with the Mahrattas in 1803-4,  
 “ *the effects of which are shewn in that, and the*  
 “ *three following years ;* although this war may  
 “ be said to have ended in December 1805,  
 “ when a treaty of peace was concluded with  
 “ Holkar. Notwithstanding the effect of the  
 “ restoration of peace upon the continent of  
 “ India is shewn in the reduction of the  
 “ charges of 1807-8 and 1808-9, the amount  
 “ in each of these years may be considered as  
 “ still very high, compared with the year  
 “ 1802-3 ; but the cause of it is to be found  
 “ for the most part in the permanent additions



“ made to the military establishments since  
 “ that period, both of His Majesty’s troops,  
 “ and the Company’s ; of the former seven  
 “ regiments of foot, and of the latter twelve  
 “ regiments of Native infantry, and three re-  
 “ giments of Native cavalry, the aggregate  
 “ expense of which might be estimated at an  
 “ amount exceeding a million sterling.

“ From the observations already made, it  
 “ must be inferred that the military charges  
 “ in each year of the column of the statement  
 “ have been encreased in a very considerable  
 “ degree *by the contingent or extraordinary*  
 “ *expenses of war.* It would be extremely  
 “ difficult, if practicable at this time, to make  
 “ a calculation of those expenses. It is like-  
 “ wise to be inferred, that those charges have  
 “ been gradually encreased by the modifica-  
 “ tions of, or additions, to the established force  
 “ from time to time.”\*

Under the sanction of this authority—and  
 more, if necessary, might be quoted to the  
 same effect—it is impossible to suspect even  
 that the revenue, or territorial accounts, do  
 not contain, what they profess to contain, viz.

the *total annual amount* of the Company's territorial receipts and disbursements. The deductions, both of Mr. Wilkinson and myself, are consequently founded on this conviction ; but if this should not be the case—if it should happen to be discovered at this eleventh hour, that other accounts have been withheld, and are now to be brought forward to elucidate a point of so much importance as the origin of the Company's debt, which involved the Committee of 1810 in so much perplexity, and which Parliament were persuaded—perhaps too hastily—to fix on territory, neither Mr. Wilkinson nor myself can fairly be accused of errors arising from such cause. Those alone must answer for them to whom the fallacy, or omission, may with justice be ascribed.

Mr. Wilkinson winds up his Report by shewing the deficit of the United Concern to be on the 30th of April 1828 . £17,882,812 (corresponding exactly with my

Statement, *p.* 589.)

To which he adds, losses in the two

following years	.	.	.	2,831,396
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Making the deficit on 30th April

1830	.	.	.	.	20,714,208
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Brought forward . . . £20,714,208

But, as remarked in my above-mentioned Statement, if the capital stock is to be repaid to proprietors at the rate of 200 per cent.; there will be to be added the further sum of . 4,220,000

Making the total deficit . . . \*£24,934,208

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Or to repeat the words of Mr. Mill, “ A  
“ BALANCE OF LEGITIMATE CLAIMS WHICH  
“ THERE IS NOTHING WHATEVER IN THE  
“ SHAPE OF PROPERTY TO MEET.”

And this is the result of the Company's financial affairs, or of their United Concern, after an expenditure of surplus revenue, from 1765 to 1792-3, of . . . £23,501,239

Ditto ditto, from 1793-4 to

1828-9, of . . . . 30,565,931

And a sum of interest on Indian

debt amounting, from 1793 to

1830, to . . . . 56,500,125

Besides a sum of interest on Indian

• \* This deficit would be greatly augmented if the asset account of upwards of 50 millions were dissected, on the principles adopted by a Committee of Proprietors in 1782, and adverted to in *pages 566 to 576, supra.*

debt, between 1765 and 1793, of  
 which we have no official ac-  
 count . . . . .

The whole of which expenditure, *as far as the printed accounts submitted to Parliament can be relied on*, appears to be in excess of that required for territorial purposes, *including the expenses of all the wars sustained during the period reviewed*. It is, therefore, an appropriation of territorial funds, of which no satisfactory account has yet been rendered from any official quarter; and which, as well from the principles adopted to carry on the United Concern, as from the plain and obvious shewing of the accounts hitherto produced, we can only conclude, as before often observed, to have been absorbed in supplies to meet the disbursements, and repair the losses, of commerce.













